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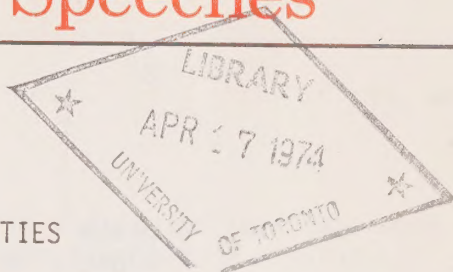
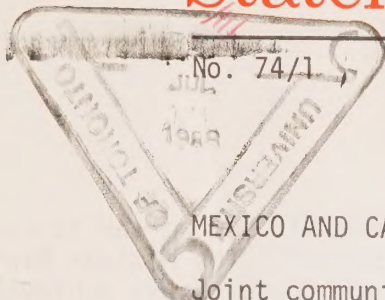
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# Statements and Speeches



## MEXICO AND CANADA STRENGTHEN THEIR TIES

Joint communiqué of the second Canada-Mexico Ministerial Committee meeting issued January 30, 1974.

The second Canada/Mexico Ministerial Committee meeting took place January 28 to 29, 1974, in Mexico City.

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The Canadian Ministers called on the President of Mexico, Lic. Luis Echeverria, with whom they had a wide exchange of views.

Both Mexican and Canadian Ministers noted with satisfaction the advances that had been achieved in the strengthening of relations between the two countries in the period since the first meeting of the Committee, which took place in Ottawa in October 1971. They particularly noted the state visit of the President of Mexico to Canada from March 29 to April 2, 1973, in the course of which the President and Prime Minister Trudeau agreed to take a series of concrete steps designed to provide an even greater impetus to Mexican-Canadian exchanges in various fields of common interest.

Mexican Ministers welcomed the increased participation of Canada in inter-American institutions, a question which had been examined during the first meeting of the Committee. They expressed their satisfaction that Canada has been admitted as a member of the Inter-American Development Bank and as permanent observer to the Organization of American States (OAS). The Mexican side expressed its hope that Canada would eventually become a full member of the OAS. The Mexican Minister of Foreign Relations outlined for the Canadian Ministers the steps being taken at present for the restructuring of the inter-American system with a view to making it more adequately correspond to the interests of its members. The Canadian side expressed its appreciation for Mexico's interest and stated that it would follow these developments and their implications for the Canadian position.

The Mexican and Canadian Ministers recalled that, during President Echeverria's visit to Ottawa, Prime Minister Trudeau had agreed that the preparation of a charter on the economic rights and duties of states was of major importance in the pursuit of international



peace and security. The two governments had agreed to co-operate closely in the drafting of this charter. The Mexican Ministers examined with the Canadian Ministers the progress achieved by the group of 40 on its elaboration. In this respect, they reaffirmed the interest of both governments in pursuing their co-operation within that group, which will meet in Geneva on February 4, and in searching for formulas to reconcile divergent interests, given that they both recognize that approval of the charter will mark an important step in the codification and development of basic principles of economic relations between states. In particular, they reiterated the desirability of having the final draft of the charter approved during the twenty-ninth session of the United Nations General Assembly, in keeping with Resolution 3082 (XXVIII), which had been unanimously adopted on the basis of a draft presented by a large number of delegations, including those of Mexico and Canada.

Ministers emphasized the importance of the UN Conference on the Law of the Sea, which will be held in Caracas beginning in June of this year. In this respect, they noted that both Mexico and Canada were in agreement that coastal states enjoy special rights with regard to the exploitation of all the resources in a broad area adjacent to their coast beyond the territorial sea of 12 miles, as well as special rights in that area with regard to the prevention of pollution and the regulation of marine scientific research. They also agreed that the sovereign rights of the coastal state over the continental shelf extended over the whole of the shelf up to the outer limit of the continental margin. The Ministers agreed that Mexico and Canada would continue to co-operate in the search for conciliatory formulas based on the principles outlined above.

Ministers expressed their satisfaction with respect to the developments that had led to the separation of the military forces of the parties to the Middle East conflict, and stated their conviction that there should be no closing-down of the negotiations leading towards the application of Resolution 242 and 338 approved by the Security Council of the UN. The achievement of a just and lasting peace in that region is, in the present circumstances, the most urgent task of the UN and, in that respect, the Ministers reaffirmed their confidence that the Secretary-General would play a full and effective role at the Geneva peace conference.

Ministers reviewed the state of discussions on monetary reform, particularly in view of developments at the IMF meeting in Nairobi last autumn and at the Committee of 20 Meeting in Rome earlier this month. They noted that Canadian and Mexican Ministers had had on



both occasions opportunities for consultation and that they were in broad agreement on many of the basic elements of a reformed monetary system as a whole. The Ministers agreed that it would be desirable in the context of the reform to promote the transfer of real resources from the developed to the developing countries on adequate terms. They further stated that they and their officials should continue to co-operate and keep in close consultation.

Ministers noted with satisfaction that the multilateral trade negotiations were formally under way under GATT auspices in accordance with the declaration issued at the Tokyo Ministerial Meeting held in September 1973. The Canadian and Mexican Ministers agreed on the importance to all trading countries of the successful conclusion of these negotiations.

They agreed that it was essential to this end that all countries share in the benefits of these negotiations and participate fully in their organization and conduct. It was particularly important that developing countries be full partners in the negotiations. They further noted that both Canada and Mexico see the negotiations as a meaningful process for the liberalization and expansion of world trade and the increased participation of Canada and Mexico in this trade. They regard the negotiations as a further means of diversifying their trade. They also expressed their expectation that one of the results of the negotiations would be to reduce impediments imposed by resource importing countries on greater processing of industrial materials prior to export from resource producing countries. They noted with satisfaction that the Canadian and Mexican delegations to the negotiations had established a pattern of co-operation and consultation on areas of mutual interest, and expressed their intentions that these consultations should continue as the negotiations progressed.

Canadian and Mexican Ministers discussed the implementation of Canada's general preference scheme. In this regard, Canadian Ministers informed their Mexican counterparts that Parliament had passed legislation providing for a scheme of tariff preference for developing countries. They further indicated that the modalities of implementing this scheme were now under active study. The Mexican Ministers expressed their interest in being kept informed.

In the course of their review of internal economic developments, they noted that inflation continued to be a problem of significant dimensions and they agreed on the desirability of working toward internal efforts to moderate the rate of inflation.

Ministers also discussed the impact on their respective economies, as well as internationally, of the current energy situation. They noted that, although Canada and Mexico were important producers of energy, the current situation for world energy resources had had a substantial effect on the short-term outlook for their economies. An important consideration in this respect would be the impact the energy situation would have on their major trading partners. They also expressed their concern over the consequences of the current situation for the economies of many of the developing countries, particularly those lacking substantial energy resources of their own.

Ministers also examined the outlook for world supply of other industrial materials and noted that, although there was the possibility of some supply shortages in the short term, there was a longer-term potential for increasing world production of these materials. Ministers agreed that, in the production and export of industrial materials, the interest of consumers as well as of producers should be borne in mind.

Ministers noted that the unusual marketing situation of 1973 resulted in a significant reduction of world supplies of basic food-stuffs. They expressed their hope that the current efforts under way in the UN leading to a World Food Conference, which had Canadian and Mexican support, would mobilize support for increased food production and improved international methods of maintaining adequate supplies to meet global requirements.

Ministers expressed their gratification that their meeting provided an occasion for the signing of an agreement on the avoidance of double taxation with respect to the income from ships or aircraft operating in international traffic. They noted that their officials were continuing their discussions on taxation with a view to identifying other areas where agreement might be possible.

Ministers expressed gratification at the substantial increase in bilateral trade during 1973. Mexican exports to Canada during 1973 expanded and diversified considerably, while Canadian exports to Mexico also continued to grow. Ministers further noted that trade in both directions included a growing percentage of manufactured products. They also noted that progress had been made in reconciling trade statistics of the two countries and agreed that this work should forward rapidly. Nonetheless, Mexican Ministers expressed their concern at the continued imbalance of trade in Canada's favour. Canadian Ministers acknowledged that a trade imbalance existed, but pointed out that Mexico's surplus on tourist account contributed to offset its trade deficit.



Ministers of both countries noted with satisfaction the potential for increasing bilateral trade. The Canadian Minister of Industry, Trade and Commerce expressed his pleasure over the positive response of Mexican officials and businessmen to the trade development mission he undertook to Mexico at the invitation of President Echeverria. The Minister was able to confirm that there were substantial opportunities for increasing Mexican exports to the Canadian market as well as matching Canadian export capabilities and technology with Mexican requirements. In meetings with officials of the Mexican private and public sectors, a number of opportunities for joint ventures were examined, and are receiving serious consideration. The mission also identified and pursued major opportunities for greatly-increased co-operation in a wide range of products and engineering services. In the electric-power area, the Ministers considered that an excellent basis for close co-operation existed and it was agreed that a joint committee be formed to identify opportunities for greater Canadian participation in joint projects in this important sector. Ministers agreed that the terms of reference for the joint Canada-Mexico working group on power would be to consider the projected needs for electric-power technology and equipment, including nuclear power, in Mexico, and to identify areas of joint co-operation. The Canadian Ministers were pleased to note the interest of the Mexican Government in nuclear plants. The Canadian Ministers stressed the advantages of plants using natural uranium and heavy water, and drew attention to their highly successful operation in Canada. The Ministers agreed that the prospect of increased co-operation in this important energy sector should receive high priority.

The Mexican Ministers were pleased to learn of a Canadian proposal for substantial involvement in the forthcoming Mexican Railway Rehabilitation Program. This would involve a joint venture to manufacture railway passenger-cars in Mexico, as well as the supply of locomotives, rolling stock and rails from Canada under appropriate long-term financing arrangements. Canadian Ministers pointed out that Canada had traditionally made available long-term financing for the purchase of capital goods and services. Such financing arrangements could be made available if required for projects of interest to both countries.

Ministers discussed their respective legislation relating to foreign investment and agreed on the need to ensure that such investment contribute to the national interest of the recipient country. They agreed that within this framework there were opportunities for mutually-advantageous co-operation between Mexican and Canadian firms. They emphasized those areas where Canadian technology and

experience might contribute to Mexican industrial development. Canadians, including members of the Department of Industry, Trade and Commerce mission, were actively following up joint venture proposals in electronics, auto parts, railway and steel equipment, mining, cattle-breeding, and the forest industries.

Canadian and Mexican Ministers agreed that the search for areas of fruitful exchange between Canada and Mexico in the field of science and technology should be continued and intensified. They noted with satisfaction that the program agreed to during the visit of President Echeverria to Ottawa for an exchange of young technicians had begun and was yielding encouraging results. Ministers also reviewed the possibility of establishing new direct telecommunication links, including the use of both land-lines and satellites, between the two countries, and agreed that exploratory discussions should be continued.

Ministers discussed their respective mineral policies and Canadian Ministers renewed their invitation to the Government of Mexico to send a delegation of officials to Canada to get a better understanding of and to exchange views on the mineral policies of the two countries.

Ministers noted that, following the discussions in Ottawa between President Echeverria and Prime Minister Trudeau, it had been agreed to exchange experts and information on environmental problems in the two countries. They noted with satisfaction that further discussions had taken place and that a Canadian delegation of senior officials would shortly visit Mexico to continue this dialogue.

Ministers noted with satisfaction the increased tourism between Mexico and Canada in recent years. In order to encourage an even greater flow of Canadian travellers to Mexico and of Mexican visitors to Canada, and to ease travel formalities, they agreed to set up a special committee made of officials of the agencies concerned in the two countries. This committee was to present within three months a report on the steps that should be taken to these ends.

Ministers noted the significant start which had been made in the way of cultural visits and exchanges between the two countries. They specifically remarked upon the success of several reciprocal youth programs envisaged by the first Canada-Mexico meeting, which so far have benefited a good many young Mexicans and Canadians. Ministers further agreed that final consultations should start



immediately towards the conclusion of a cultural and sciences and technology agreement between the two governments. Given the importance of such exchanges for a better understanding between the two countries, the Ministers agreed to make all necessary efforts to intensify this action. In the field of academic exchanges, it was agreed that each government would offer this year five scholarships for advanced studies in institutions of their respective countries. For 1975, the Canadian Government has offered up to ten scholarships of the same kind. These results point to the desirability of increasing the exchange program to cover new areas and to consider the feasibility of joint research programs including exchange of researchers in the field of science and technology.

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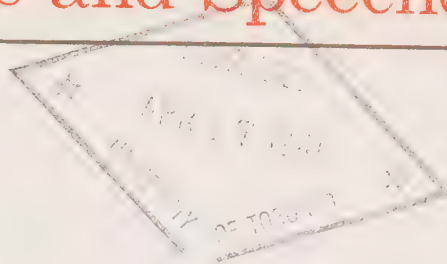
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# Statements and Speeches

No. 74/2



## CONSULAR ASSISTANCE

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, on January 23, 1974

From time to time during the past few months there have been expressions of public interest and concern regarding the nature and degree of assistance provided to Canadian citizens who find themselves in difficulties with the laws and regulations of the countries they are visiting or in which they are temporarily resident. I should like, therefore, to explain the limitations on what the Government of Canada, through its representatives abroad, can do on behalf of Canadian citizens who find themselves in such difficulties.

Assistance by foreign consular or diplomatic representatives in another country to their nationals in general is based on long-standing international custom and, more particularly, on the Vienna Conventions on Diplomatic and Consular Relations of 1961 and 1963, and on any such special bilateral agreements as may exist between the particular governments concerned. (Because the Vienna Convention on Consular Relations contains certain provisions that involve the jurisdiction of provincial governments, the Government of Canada has not yet considered itself to be in a position to become a party to that agreement. However, it is essentially declaratory of general and long-standing international law concepts and Canadian consular practice is generally in conformity with it.) Article 5 of the Vienna Convention on Consular Relations specifies the various internationally-accepted consular functions, including "protecting in the receiving State the interests of the sending State and of its nationals, both individuals and bodies corporate, within the limits prescribed by international law". The limits prescribed by international law refer, of course, to the principle that states are sovereign entities and that the laws, customs and regulations of a particular country have no external status or authority, and thus do not apply inside foreign states. It is a long-established principle of international law and custom that under ordinary conditions a citizen of one state coming within the jurisdiction of another state may make no claim to favoured status. His basic rights are the same as those of a citizen of that country. At one time, in the nineteenth and the early twentieth centuries, certain states had imposed on them by the then imperial and colonial powers the acceptance of special consular courts to deal with foreign



nationals, but these arrangements, aptly called "capitulations", were ultimately recognized as being repugnant to national sovereignty and independence and were abolished half a century ago.

It follows, therefore, that Canadian citizens residing or travelling in other countries are subject to the laws and regulations of those countries, just as foreign citizens residing or travelling in Canada are subject to Canadian laws and regulations. When such persons run afoul of these laws and regulations, they must be expected to be dealt with in accordance with local procedures and practices, just as foreign citizens in violation of laws in Canada must be dealt with in accordance with Canadian laws and regulations. Unfortunately, many countries have laws, regulations and legal procedures which could be regarded as severe and even harsh by Canadian standards. Some countries, for example, permit almost unlimited detention without charges, pending an investigation of a case; severe punishments are often imposed, particularly for trafficking in or use of narcotics; conditions of detention, while perhaps adequate by local standards, are sometimes far below what we would consider to be even minimum standards in Canada. Legally and officially, all that Canadian representatives abroad can usually do in such circumstances is to ensure that a Canadian citizen is treated no less fairly than other foreign nationals or than the citizens of that country would be treated in similar circumstances, and to ensure that appropriate legal counsel is obtained. Unofficially, Canadian representatives abroad can and do assist by making representations to local authorities to consider possible mitigating circumstances, to speed up otherwise slow judicial processes, and to appeal for leniency on possible humanitarian grounds to the extent that local law and practice permit.

Travel statistics indicate that, on a *per capita* basis, the number of Canadians travelling abroad is probably greater than that of any other country, and our own passport figures bear out this estimate. In 1973, the number of Canadian passports that were issued amounted to 561,500, a 10 percent increase over the number issued in the previous year, and more than double the number issued in 1967. At the present time, there are over two million valid Canadian passports in the possession of Canadians. Thus, apart from visitors to the United States and to Mexico without passports, about 10 per cent of the total Canadian population are actual or potential world travellers, and the number is steadily increasing! Relatively few of these Canadians encounter difficulties with the laws of other countries, which is a testimony to the law-abiding character of our citizens, but situations do arise

where Canadians abroad find themselves, for one reason or another, involved in infractions of local laws and regulations. Most of these cases, I am happy to say, are dealt with quietly and effectively by our consular officers; the few cases that prove really difficult and sometimes beyond our control are the ones that draw public attention.

Canadians, upon being detained by the local authorities abroad, can normally inform our embassies of their arrest either by telephone, telegram, letter or through consular officers and lawyers visiting jails. I should point out that foreign governments are under no obligation to inform our representatives when a Canadian is in custody, unless the person detained so requests or our representative makes an inquiry. Nonetheless, most foreign governments do notify our representatives when a Canadian is in custody. Whenever our embassies and consulates abroad are notified that Canadian citizens have been arrested or are otherwise in difficulty with the local laws, they immediately seek information as to the details concerning the person concerned and the charges being laid, if any. They request immediate consular access so as to be able to ascertain and respond to the individual's wishes regarding legal counsel, notification of next-of-kin, and other specific requests he may have. Also it can sometimes happen that the individuals in question, for various reasons of their own, do not want Canadian representatives to be aware of their situation and request the local authorities that they not be notified. There are, therefore, instances where we do not learn of such situations or where we learn of them only later by accident, or when the individual concerned decides, after a time, to request assistance.

When the authorities of other countries insist on the application of their laws to Canadians, there is an understandable concern and sympathy on the part of other Canadians, particularly the families of the person concerned, that a fellow Canadian or a family member is in legal difficulties abroad, where there may be differences of language and custom. When local laws and procedures are more rigorous or harsh than those that apply in Canada, there can be even greater concern, and possibly a feeling that an injustice is being perpetrated and that the Government and my Department should "do something about it". I fully understand and sympathize with this sentiment but, unfortunately, in such situations there is usually very little other than the steps I have already outlined that the Government or my Department can do, much as we might like to do more. Our dealings with other governments on these matters must be carried out within the guidelines of international law and accepted international practice. These guidelines restrict

the official steps that our representatives abroad can take on behalf of our citizens in trouble with the law of other governments to those I have outlined above. Canada would not tolerate attempts by foreign governments to interfere in our own judicial processes on behalf of their nationals, nor should we take kindly to outraged or intemperate criticisms of our judicial practices.

Since orderly international relations are based on reciprocity, I cannot go along with the suggestions I receive from some concerned Canadians that we take drastic action toward the government concerned and perhaps sever trade or aid relations with a country that is not treating one of our citizens in accordance with our standards or that we make our concern known through highly publicized demands and threats. I am sure that most Canadians would agree, on reflection, that such emotional response not only would not have the desired effect of relieving the immediate problem but, even if it were possible and not contrary to our bilateral or multilateral obligations, it would only exacerbate the general relationship between the country concerned and Canada. It would also be detrimental to our diplomatic efforts to resolve the situation and possibly create fresh difficulties for other Canadians residing or travelling in that country. I should like to add that, in replying to queries on the consular assistance being provided to a Canadian, I am not always at liberty to mention in detail the initiatives taken by our offices abroad or here in Ottawa; were I to do so, it could jeopardize the solution of a case or would not respect the wishes expressed by the Canadian concerned.

I should like, in particular, to mention that special problems can arise in connection with naturalized Canadians or, in some cases, natural-born Canadians of naturalized parents who may be regarded by the country of their birth or their parents' birth still to be citizens of those countries and therefore, even if they are thus "dual nationals", to be then subject to its laws concerning taxation, military service, etc. If they should return to a country that claims jurisdiction over them and find themselves in difficulty, then, while representations can of course be made and are made by Canadian representatives on their behalf, and while in some cases these are successful, in other cases the authorities in the countries concerned decline to entertain such representations and insist on their laws being applied -- an attitude that is not inconsistent with international law and practice. (Canadians who have dual nationality and who plan to visit the country of their first citizenship should make certain that they will not encounter any such problems before going there.) This sort of problem exists in regard to the United States, where all male persons born in that



country of Canadian parents, and who are therefore dual nationals, are liable under United States law to register for universal military service immediately upon attaining the age of 18, whether or not they are present in that country. Where such dual United States-Canadian citizens neglect to comply with such procedure, they are liable to prosecution upon re-entering the United States. The same requirement for registration at age 18 and liability to prosecution for non-compliance apply to all Canadian male children who are permanent residents of the U.S.A.

There are, of course, also other difficulties that can befall Canadians travelling or living abroad, which do not involve infractions of local laws and regulations but are no less distressing. Deaths and illnesses occur while Canadians are abroad, they become injured, they lose money or passports or are victims of robberies. Because of international conflict or local tensions, they may require urgent assistance and possibly evacuation from the area. In such cases, Canadian representatives abroad are prepared to assist whenever possible, notifying next-of-kin, arranging for medical attention, providing emergency financial assistance, emergency evacuation, and so on. From time to time, misunderstandings arise or a mistake is made, but in the vast majority of cases these situations have happy endings, and I receive many letters testifying to this. During the past year, our embassies and consulates abroad provided 204,600 consular services to Canadians in difficulties for one reason or another who asked for assistance; in only an exceedingly small percentage of these cases was there any complaint on the part of the person concerned or the next-of-kin. Unfortunately, as I pointed out earlier, it is these few instances that come to public attention and criticism. While I welcome such criticism if it concerns errors of omission or commission on our part, I think it is unfair if it relates to these few situations beyond our control or if it ignores the fact that such situations represent only a very small proportion of the many, many consular cases that are resolved quietly and successfully. The Government and my Department attach very great importance to the protection of Canadian interests abroad and to the quality of assistance available to Canadians travelling or residing abroad, and we shall continue to exert our best efforts to maintain and improve the excellent consular service they already enjoy.

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# Statements and Speeches

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No. 74/3

## THE MAJOR AIMS OF CANADIAN EXTERNAL POLICY

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, March 19, 1974.

In presenting the estimates of the Department of External Affairs and of CIDA (the Canadian International Development Agency) to this Committee, I shall confine myself to a few major topics of importance to Canada's external relations. This means that I shall leave aside a number of other matters that are also of importance but on which either this Committee has recently had rather full briefings -- as, for instance, on the Law of the Sea question -- or that are moving toward some significant stage in the coming months.

For instance, the structures and relationships in Latin America are going through a period of active reassessment, which we are following with great interest. As the results of this rethinking emerge, I shall wish to take a later opportunity to suggest where Canada might fit into any new hemispheric patterns and proposals.

Energy situation Since last I spoke to this Committee on the estimates of the Department of External Affairs and of CIDA, there has occurred a series of related events with far-reaching and widespread consequences for the world as a whole and inevitably, therefore, for Canada. The major event of this series is, of course, what has been called the energy crisis. In fact, the problems of the supply and price of oil are only the currently most acute symptoms of a much wider problem: the increasing demands made by mankind on the world's food and industrial resources.

When I spoke to you last May, I mentioned the increasing pre-occupation about a prospective energy shortage and associated balance-of-payment questions. At the time, it was clear that the world would have to think hard and rapidly about its energy resources in view of the tremendous annual increase in demand upon these resources, which has been the pattern in recent years. What was not foreseen at that time was that this situation would suddenly become acute with respect to both supply and price, particularly of oil.

The sharp and sudden rise in the price of oil has had extraordinary

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effects throughout the world. Unless measures are taken to insure continued growth of the world economy, the world trading system could as a result be seriously undermined.

The main industrialized countries, which are large users of energy, have a major responsibility, because of their importance in world trade, to try to prevent this from happening. It was with this end in view that Canada attended the Washington Energy Conference in early February and has co-operated in the follow-up to that conference, which is aimed essentially at identifying the economic facts of the situation and trying to ensure that appropriate steps to correct the situation are being taken in the various international institutions and to lay the groundwork for an early and meaningful dialogue with the oil-producing countries on problems of mutual concern.

Another broad area of agreement in Washington was on the necessity for research into and development of the world's untapped sources of energy. These include the known deposits of the more complex forms in which oil is found, such as heavy oil and oil-sands in Western Canada, and the oil-shale deposits in the U.S. There is also the longer-term problem of the smooth transition to other forms of energy, such as nuclear power, about which quite a bit is already known, and the longer-term quest for geothermal and solar power.

As both producer and consumer, Canada occupies a rather different position from a good many of the other industrialized countries. While the net effect of oil-price increases on our balance of payments is very small, we cannot hope to escape the inflationary effects of still rising prices in an already serious world inflationary situation. Nor can we as a country heavily dependent on foreign trade afford to ignore the possible adverse effects on world trade caused by the run-down of foreign-exchange reserves and the general destabilization of world production.

Canada, therefore, has supported vigorously efforts to maintain the world pace of economic activity and to encourage the newly-wealthy oil-producers to play a role in international financial institutions commensurate with their new financial status.

We have learned with great interest that the producing countries are actively seeking ways in which to share with other developing countries some of their new-found wealth. Canada welcomes this positive step. Most of these countries are themselves in the process of development and in the earliest stages of industrialization. They have made clear their desire to use these funds for

the rapid development of their economies, as well as for a large range of social purposes.

A number of these countries have made known to Canada their wish for closer relations for the mutual benefit of both sides. We have, therefore, begun a program of extending our representation in the Middle East to assist this process. The opening of a Canadian embassy in the Saudi Arabian capital of Jeddah was announced on December 21. At that time, I said that the Government would shortly be considering the opening of other missions in the Middle East, such as in Baghdad and elsewhere.

Apart from the opening of embassies, the earlier step of establishing formal diplomatic relations with Bahrain, Qatar, Oman and the Federation of Arab Emirates was announced on February 2. The Canadian Ambassador resident in Tehran will be the Canadian representative accredited to these states.

We have also agreed to establish diplomatic relations with the two Yemens: the Arab Republic and the People's Democratic Republic. We had already established commercial relations with these two countries. This now completes the formal establishment of relations with all countries of the Middle East.

At the intergovernmental level we shall wish to encourage discussion:

- to ensure the dependability of world oil supply;
- to discourage the use of oil and other commodities for political purposes; and
- to achieve some stabilization of oil prices at levels which are reasonable from the point of view of both producers and consumers.

Oil prices did indeed remain low for a good many years, and there was room for upward movement to reflect the cost of bringing on new conventional and non-conventional sources of energy.

We are particularly concerned to ensure that action is taken to prevent the economic collapse of those developing countries heavily dependent on imports of oil. An overall increase in the flow of development aid, bilaterally and through multilateral institutions, is urgently required from major traditional donors and from those who have benefited from increased oil revenues, together with a reassessment of the geographic allocation and the composition of aid programs, both bilateral and multilateral, in the light of the differing effects on developing countries of those higher oil prices.

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The current uncertainty as to the prospective level of world oil prices makes it, of course, extremely difficult to extrapolate the effects of the situation even over a one-year period. However, certain inescapable facts confront us. Almost three-quarters of the developing countries do not produce their own energy supplies. Based on oil-demand projections calculated prior to October 1973, those countries might expect to pay for their oil imports in 1974 triple the amount they paid for oil imports in 1973. The resulting foreign-exchange costs could surely not be borne without cutting back severely on other essential imports or running down already limited exchange reserves.

The amount of aid extended to all developing countries was approximately twice their estimated oil-import bill in 1972. By contrast, in 1974 the oil-import bill for all LDCs could approach twice the 1972 aid level. In dollar terms, the 1972 oil-import bill for these countries was \$3.7 billion. In 1974 they will have to pay at least \$15 billion. In some individual cases, such as that of India, the added costs will completely offset the flow of development assistance from all quarters. It is, of course, misleading to generalize on the effects of increased oil prices on the 70 odd oil-importing LDCs. These effects will vary depending on the nature of their economies and the movement of other import and export prices. Certain major fast-growing exporters may be better able to withstand increased costs. Populous countries of slow export growth, yet with a growing industrial base catering to domestic needs, will be particularly hard hit. The gravest indirect effect of the oil situation is likely to be in the agricultural sector of developing countries. Fertilizers and pesticides, which have been so necessary for the success of the "Green Revolution", are energy-intensive products, and there is already a growing shortage of fertilizer.

For some time now, fertilizer production has been inadequate to meet demand and new capacity has not been built at a sufficient rate. This shortfall, combined with growing demand for food, means that food grains are almost certain to remain in short supply, and the developing countries will have to spend considerably more for their imports of a number of essential commodities. To cite a few examples: the price of wheat has increased sharply over the past two years from \$86 a metric ton in 1972 to \$210 today -- an increase of 146 per cent. Rapeseed went up from \$130 a ton to \$300. Prices of other commodities and products, and of services such as transportation, have shot up as well. Potash fertilizers have gone up 71 per cent in one year. Prices of lead and zinc have almost doubled in the last 12 months, and fabricated steel has risen to \$800 a ton from \$500 a year ago.



The full significance of these price increases is only apparent when actual quantities likely to be shipped are taken into account. A few years ago, for example, we shipped roughly 600,000 tons of wheat to India at a cost of \$40 million. A similar shipment today would cost \$128 million. Looking at our food-aid program as a whole, the cost of providing the identical quantity (roughly 750,000 tons) of food that was made available to developing countries two years ago under our program has risen by 123 per cent -- from \$81 million in 1972-73 to \$181 million in 1974-75, without taking account of shipping costs, which have also risen by over 100 per cent during the same period.

Canada is already on record as being against any cutback in aid-flows. At the energy conference in Washington in February, my colleagues and I went still further, taking a leading part in getting the conference to endorse a statement in the official communiqué that a strenuous effort must be made "to maintain and enlarge the flow of development aid bilaterally and through multilateral institutions, on the basis of international solidarity embracing all countries, with appropriate resources".

Here in Canada, the Government is exploring several approaches:

- (1) The use of our membership in the various multilateral institutions, including the regional development banks, to encourage and support a reassessment of lending programs, enabling a redirection of resources to those developing countries that are most severely affected by the increases in oil prices.
- (2) We have requested legislative authority for Canada's contribution to the fourth replenishment of the funds of the International Development Association (IDA). This is the arm of the World Bank on which the very poorest countries depend for development assistance. It provides loans on the most concessional terms, usually at zero interest.
- (3) Bilaterally, CIDA programs will be adapted to the new situation wherever appropriate. Some countries have already stated their most pressing needs, and the World Bank has also identified some areas where assistance is urgently needed.

Clearly, CIDA will need not only more money but also a great deal of adroitness in adapting Canada's development assistance to offset some of the adverse effects of recent dislocations, while continuing to maintain the momentum of development in those countries of the Third World with which we have well-established relationships.

United Nations General  
Assembly -- special  
session

The energy price question is coming to a head at a period when terms of trade have shifted significantly in favour of primary-commodity producers. The demand generated by high levels of industrial activity during the past two years, reinforced by inflation, has driven the prices of minerals and agricultural products to unprecedented levels. The earnings developing countries as a whole derive from high commodity prices far outweigh the transfer of resources to them by way of development assistance. Thus, to some extent at least, the health and vigour of the world economy -- including particularly the maintenance of strong demand for commodities -- is more important to the oil-importing developing countries than the maintenance of developing assistance.

The situation I have just described is particularly relevant to the special session of the General Assembly of the United Nations on the issue of raw materials and development that will start on April 9.

As both an important producer and consumer of natural resources -- renewable and non-renewable --, Canada has a deep interest in ensuring the maintenance of markets, of orderly supply, reasonable prices for both producer and consumer and the best use of the world resources both in domestic terms and internationally.

While it is likely that agricultural commodities and food-supply problems will be discussed to some extent at the forthcoming special session, they will be at the centre of the World Food Conference that will take place in Rome next November.

World Food and World  
Population Conferences

The relationship of resources, food and population is obvious. Within a space of 25 years, the world's population is expected to reach a figure of 6 billion. To underline the common concern about this problem, 1974 has been designated World Population Year. A World Population Conference will be held in Bucharest in August. The conference will examine the relations between population and economic and social development, resources and environment. These are questions of the first importance to all countries. The Government has initiated major preparations for Canada's participation. The CIIA, in conjunction with the Family Planning Federation and the Inter-Church Project on Population, will be holding a series of meetings across Canada beginning this week. The provinces will also be consulted in the final preparations for the Canadian delegation's brief.

Changing demand and consumption patterns and the aggravation of the supply situation by natural causes are already such that food

reserves are being run down at an alarming rate and starvation conditions already exist in some parts of Africa. The shortfall in production in the Asian subcontinent is this year expected to reach serious proportions. Shortages of fertilizer and the high cost of other agricultural inputs can only serve to aggravate the situation, particularly in the developing countries, which have struggled to attain some measure of self-sufficiency.

Canada will look to the World Food Conference to marshal opinion and forces for a concerted and coherent attack on the problem.

Canada is an important food producer and exporter, and we have in the past been a major provider of emergency supplies in times of world need. Although we are in effect a marginal supplier of world food requirements, we shall continue to do our part in improving production and providing emergency aid. But the real nub of the problem lies in capitalizing on the food-production potential of the developing countries, where the worst food-supply situations will arise. The Food Conference must place its main emphasis on the building of agricultural productivity in the developing countries.

The role and the financing of future food aid will also have to be re-examined in the light of rising commodity prices and short supply. We shall have to aim at greater co-ordination of food stocks on the international plane, which would encourage growth of these stocks outside the food-exporting countries.

Diversification of  
Canada's relations

Last year I spoke at some length of the three broad directions that were open to us in the balance of our relations between the United States and other countries. I said that the Government had opted for a long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and, in the process, to reduce the present Canadian vulnerability.

This process of diversifying our foreign relations has continued in the last year, both across the Atlantic and the Pacific.

Western Europe

The Government welcomes the fact that the "constructive dialogue" promised Canada by the nine members of the European Community at the Paris summit meeting of October 1972 has now entered what might be called its creative phase. The most important development in recent months has been the invitation of the Nine to Canada to make its views known on how its relations with them might be collectively defined. This invitation did not just happen. It is a result of our increased efforts over the past several years to add to the substance of Canada-West Europe relations and to create a



greater awareness among our European partners of Canada's specific and distinct personality, as well as of its problems and aspirations as a North American country with uniquely close relations with Europe.

Canada's response to the Nine's invitation, which I hope to have completed before long, will be in line with the Government's policy of diversification. The Government is very much intent on achieving, as a priority objective, stronger and more dynamic ties with the Community as a collective entity, and with each and every one of its member states.

The emergence of a strong, united and friendly European Community corresponds to the fundamental interests of Canada. As the Nine and the U.S.A. are our two major allies and trading partners, it is of vital importance to Canada that there should be the widest possible measure of co-operation and understanding with them -- and also, I must say, between them. I have no illusions about the difficulties of such an ambitious endeavour as the harmonizing of relations between two major entities like the U.S.A. and the European Community in periods of peace and prosperity. For its part, Canada's stake in the success of this endeavour is considerable. It is an important prerequisite for our security and continued well-being.

We have for some years regarded our NATO membership as going well beyond a concern for some narrow definition of security. We see the organization as an indispensable forum for the common pursuit of political aims of *détente* and the harmonization of views on a whole range of issues. NATO has never been more active in this field than at the present time.

Canada will continue, therefore, to play a useful role in the elaboration within NATO of a declaration flowing from Dr. Kissinger's initiative of April 23 last year, which has the aim of revitalizing the solidarity of the alliance. At the same time, the Government will continue to work, in the context of the Conference on Security and Co-operation in Europe (CSCE), towards the lowering of barriers that impede the freer movement of persons, ideas, information and trade between the East and the West. If agreement is reached on satisfactory provisions in these and other areas, the final stage of the conference will take place in Helsinki, in the course of this summer, at ministerial or higher level. Simultaneously, Canada is participating in the talks going on in Vienna on the Mutual and Balanced Forces Reduction between NATO and Warsaw Pact countries.

Canada became a full-fledged member of the United Nations Economic

Commission for Europe in July 1973, enabling it to make an increasingly valuable contribution to the work of this important United Nations body. On the strictly bilateral plane, the traditionally good relations we are enjoying with the individual West European states are developing quite substantively in many fields. I have in mind the fruitful and concrete co-operation that is emerging from the cultural as well as scientific and technological agreements we have with a number of them.

Finally, I should like to refer to the exchange of visits between Canadian Parliamentarians and their colleagues from the European Parliament. The Government welcomes this development, which adds to the stimulating link, which has already existed for several years, with the 17 member nations of the Consultative Assembly of the Council of Europe.

Eastern Europe Relations with the Soviet Union and the countries of Eastern Europe have continued to develop. The main challenge now is not so much to expand relations further -- although this may be possible -- but to build on the foundations that have been laid. This challenge is perhaps less exciting but no less demanding than the one we faced a few years ago, when we were trying to find new areas for co-operation. I remain convinced of the desirability of good relations, on the basis of reciprocity, with these countries. This not only serves Canada's bilateral interests but should also be seen as a contribution to *détente*.

Japan When I spoke to you in May last year, I said that we had been attempting to "politicize" a bilateral relationship with Japan that had, in the past, been too narrowly commercial. I have met twice since that time with my Japanese counterpart to discuss matters of mutual interest. Canadian officials have conducted various informal talks with their Japanese colleagues, and I am glad to be able to report that there has been an increasing trend toward consulting with the Japanese on world issues.

Japan is our second-largest trading partner. Japanese investment could play an important role in furthering Canadian development objectives and, in this context, we welcome it. Discussions with Canadian officials and their Japanese counterparts now take place in an impressive number of economic-related fields -- science and technology, atomic power, minerals and energy, to name a few. Other areas, where less-formal discussion now takes place, are being looked at to see whether it is not possible to initiate more regular and structured contact.

We shall have an opportunity of reviewing the whole range of our

relationships at the seventh meeting of the Canada-Japan Ministerial Committee, which is expected to take place in the near future.

China The high point in the past year in our developing relationship with China was undoubtedly the official visit made by the Prime Minister last October, the fruits of which included a trade agreement, understandings on consular relations and reunification of Chinese-Canadian families and negotiation of exchanges in fields as diverse as medicine, trade, culture, and sport; in addition, exchanges were agreed on in the fields of science and technology, following upon the visit to China of the Minister of State for Science and Technology just prior to the Prime Minister's visit. In view not only of our growing trade relationship but also of the expanding and mutually beneficial contacts in the human field, I think we can anticipate that the momentum of this very fruitful relationship, with a nation populated by a quarter of the world's people, will be successfully maintained.

Canada-U.S. relations My report to this Committee would not be complete without some reflections on our relations with the United States. These have improved considerably during the past year, and I should like to review the reasons and the prospects ahead.

To obtain the proper perspective, one must look beyond bilateral matters. First, there has been the rapid and imaginative reorientation in U.S. foreign policy since the elaboration of the Nixon Doctrine a few years ago. A policy of negotiation has been substituted for confrontation of the Cold War period. The ensuing *rapprochement* with the Soviet Union and the contacts with China contain enormous possibilities. Areas of *détente*, disarmament and exchanges are now being explored across formerly closed frontiers. The U.S. has withdrawn from Viet-Nam. It is deeply engaged in bringing a peaceful solution to the Middle East. Many international institutions, arrangements and relationships are being adjusted. The postwar period has ended; its structures are being modified in what clearly is a new period.

The posture of the U.S.A. on many international issues is similar to our own. Our perceptions of what the new political, trading and monetary environment requires have many points in parallel.

Secondly, there is the bilateral dimension. The introduction of the New Economic Policy by the U.S.A. on August 15, 1971, has profound effects in Canada. A number of essentially shorter-term issues introduced uncertainties about our longer-term relationship. However, the Canadian response has been both measured and reflective.



I conducted a series of policy studies in order to put our relationship into a new perspective. I outlined to the Committee last year the options facing Canada. We have since had a number of bilateral consultations at the ministerial and official level, including those I have had with Dr. Kissinger. These have helped to clarify a number of aspects of the new relationship on both sides.

This better climate has also been brought about by the resiliency of the American economy and by the turnaround in the U.S. balance of payments. The consequence of these developments is that the trade and economic irritants of a few years ago seem less immediate.

There are, nevertheless, several areas of great importance for both Canada and the United States -- such as the resource, economic and environmental sectors -- where the formulation and implementation of our respective national policies will not necessarily coincide. Close consultation and mature consideration are necessary to ensure American understanding of policies likely to affect their interests.

On one hand, the elaboration of a Canadian energy policy must, for instance, not only take our own long-term requirements into account but also the consequences of the United States intention to become self-sufficient by 1980. On the other hand, the Canadian desire to develop mineral resources at its own pace and to encourage further processing in Canada may not entirely accord with the United States desire for rapid exploitation of known resources, an accelerated program of exploration for unproven resources, and the importation of resources in increasing amounts and in their raw form.

The United States will remain Canada's major economic partner for the foreseeable future. The trend, in fact, points toward an increase in trans-border trade. From this, we can expect problems to occur, along with the obvious benefits. To ensure that the problems will not unbalance our relationship, we shall rely on the habit of consultation and timely explanation.

Like resource and economic policy, environmental questions have a direct and immediate impact upon the populations of both countries. Perhaps for this reason, Canada and the United States have for over 65 years been innovators in dealing with bilateral environmental problems. From the Boundary Waters Treaty of 1909, through the Great Lakes Water Quality Agreement of 1972, our two nations have worked out responsibilities, obligations and courses of action that are precedents in international terms. As technological capability grows, and as resource requirements increase, there is an accompanying need for new measures to protect our physical and

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ecological environment. The examples are many: weather-modification projects in one country that could affect the other; trans-boundary air-pollution problems; tanker traffic along our coastlines; pipelines through the tundra; the proposed flooding of the Skagit Valley; the Garrison Diversion Project. These challenges require answers on the part of government. It is not unexpected that, in the realization of certain jointly-agreed goals, such as the cleanup of the Great Lakes, we shall face difficulties.

In summary, we are in a new phase of our relations with the U.S. in which both countries are adjusting to new conditions abroad and more affirmative national policies at home.

Humanitarian aid for  
Southern Africa

The Canadian people, through successive governments, have made it very clear that they abhor the racist and colonialist policies existing in Southern Africa. The present Canadian Government fully shares this view. Reflecting this concern, the Canadian Government has already contributed funds to several programs of the United Nations and Canadian and international voluntary bodies designed to assist the victims of these policies in Southern Africa. Canadian aid has been channelled mainly to assist refugees from Southern Africa and to provide scholarships. The total amount during the present fiscal year is approximately \$302,000.

The Commonwealth heads of government meeting in Ottawa in August 1973 agreed on the need to give humanitarian assistance to the indigenous people in Southern Africa struggling to achieve human dignity and the right to self-determination.

In the spirit of the final communiqué of the Commonwealth Conference the Canadian Government undertook to broaden the current aid program for the African people residing in Southern Africa.

I announced that we were considering such a program when I addressed the United Nations General Assembly on September 25, 1973. This new policy would mean helping the people who on a daily basis suffer from racist and colonialist injustices. Under this program, CIDA would consider requests for contributions from reputable Canadian non-governmental organizations and international bodies for projects of a humanitarian nature in Namibia, Rhodesia, the Portuguese African territories and South Africa. The projects clearly would not be practical without at least the tacit concurrence of the local authorities in the particular regions concerned. Moreover CIDA, in consultation with External Affairs, would also be able to consider requests from Canadian, United Nations and other international bodies for humanitarian aid to (a) peoples in "liberated areas" in Southern Africa and (b) peoples from the

white-ruled territories who have taken refuge in adjacent African countries. Here again, no projects would be feasible without the agreement of whoever is in *de facto* control of a particular area where a project is located.

All such projects would have to be of a humanitarian or developmental nature. We should require firm assurances that the aid is utilized for purely peaceful purposes involving strict accountability by sponsoring bodies for any CIDA funds. There is no intention to make funds directly available to the liberation movements. Under no circumstances would there be any arms or cash granted. As it is intended to help as many Africans as possible who are suffering from injustices, it is obvious that the ultimate recipients will include both those who are politically militant and those who are not. The test is not the political militancy of the recipients but the peaceful and humanitarian nature of the project itself.

To refuse humanitarian aid to people who happen to be politically militant would be discriminatory. I see no reason why Canada should indulge in such discrimination, especially since such people will have a key place in the future of those areas. It would be against Canada's traditions and interests to ignore the needs of these potential leaders in their communities for education, medical care and other basic human requirements.

Our aid would go to sponsoring bodies that have in mind medical, educational, agricultural or other humanitarian projects. For example, one such current proposed project would provide university and secondary-school scholarships for African Rhodesians to study in existing Rhodesian educational institutions.

I reject the proposition that providing humanitarian aid to oppressed peoples should be avoided on the basis that it supposedly represents a form of interference in other countries' affairs.

The questions of Namibia, the Portuguese African territories, and *apartheid* in South Africa and Rhodesia have been the subject of continued concern in the United Nations for many years now. The overwhelming majority of UN members, including Canada and other Western states, has condemned the policies that deny human dignity and self-determination to the large majority in Southern Africa who happen to be black. The international community has acknowledged that it has a responsibility to seek social justice and self-determination for the people in that area of the world and this acknowledgement was made crystal clear in the final communiqué of the recent Commonwealth Conference that Canada hosted.

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I find the argument that by providing peaceful assistance to needy people we indirectly release funds for violent objectives not entirely without substance, but on the whole rather specious and really an excuse for doing nothing. By this logic every time we help starving people in one or another region of the world, we make it possible for the government in these countries to increase their military budget.

The Government does not support violence to solve the current conflicts in Southern Africa. However, I trust that all Members of Parliament are concerned about the flagrant injustices in Southern Africa. We must do something more to demonstrate our support for the millions of people in Southern Africa who are denied the right to choose their own future in a free and open society. Peaceful humanitarian aid is one tangible method of demonstrating where we stand on the issues of racist and colonialist injustices.

The Committee will, I hope, provide an opportunity for those, like church groups, who are providing humanitarian aid -- and who will be seeking supplementary funds from the Government out of the estimates now before you -- to appear and describe their work.

Canada and the world  
community

I have mentioned the global implications of the oil and food shortages and the implications for trade and aid policies. I have spoken of the diversification of our international relations. But underlying our view of the problems facing Canada and the relationships we are developing must be a constantly updated appreciation of what we are, in terms of our geography, our physical assets and our place, morally and intellectually, in the world community.

Canada is, of course, a Western industrialized country. Without close co-operation between such countries, there is little hope of developing just and orderly procedures for the more equitable sharing of the world's wealth, particularly those resources in short supply, and for the control of inflation. Disarray in the West could have short-term or windfall benefits for some Third World countries, but in the long run the consequences would be wasteful, disruptive and dangerous for all countries.

Canada is also a developing country but, unlike most Western or industrialized countries, a major producer of resources. In this sense Canada has many interests in common with other producers, including stable markets, a reasonable price structure, and a growing capacity to subordinate international business decisions

to the national interest. But, while most producer countries are comparatively poor, Canada is not. We enjoy the third-highest standard of living in the world. Moreover, while Canada is more nearly self-sufficient in key natural resources than any other country in the world except the U.S.S.R., we depend more than most countries on trade for our prosperity, and particularly trade with the U.S.A.

This dependence, both on trade and high living standards, as well as the producer-consumer character of our economy, gives a special incentive to Canada to be active in preventing trade confrontations and devising machinery for co-operation. In this context, I agree with the recent remark of Mr. Maurice Strong that "Canada first cannot mean Canada only".

This country has a proud record of international achievement. Canadians would not wish, nor does this Government intend, to let that record become an historical curiosity. The international social and economic challenges of today call for new concepts and habits of international behaviour, just as the international political circumstances of the late forties called for and provoked new ways of keeping the peace. Now, as then, this country is in a strong position. We have taken advantage of that position to pioneer new concepts of international law -- particularly, of course, for the Law of the Sea. We are beginning now to focus our attention on international resource management, partly because it is in our interest to do so but also because it is in the international interest to find solutions to global problems. Indeed, we have no choice. Canada's good fortune will be short-lived if it is not accompanied by a sense of responsibility for the fortunes of others.

Without international agreement on such matters as resource-conservation, population-planning and food-distribution, many, perhaps a majority, of the world's people face a grim future.

There is no basic obstacle to such agreement and co-operation, given the leadership of those countries both able and willing to lead, and provided that the world can continue to avoid a general war. For want of something better as a means of avoiding such a war, we shall have to continue to rely on the system of mutual deterrence constructed in the 1950s and 1960s. While no one can guarantee its continued success, the tensions of yesterday are no longer our primary concern. It is not the least hopeful sign that the old political and ideological East-West divisions are irrelevant to the solution of the new global challenges, with their strong North-South elements. These latter challenges require, and may even promote, co-operation between East and West, to the mutual benefit of all.

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# Statements and Speeches

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No. 74/4

## THE TWENTY-FIFTH ANNIVERSARY OF NATO

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, on April 3, 1974.

April 4, 1974, marks the twenty-fifth anniversary of the signing of the North Atlantic Treaty and of the unique association of 15 countries to which this gave rise. The occasion provides an opportunity for us in Canada to review NATO's past accomplishments, as well as to reflect on its future.

In looking back over the last 25 years, one is struck by the profound changes that have occurred in the circumstances facing the alliance and the capacity it has demonstrated to respond effectively to a threat to the common security of its members. Although considerable progress has been made on the road towards *détente*, the members of the alliance, including Canada, remain convinced that, pending more substantive achievements in the field of disarmament or the establishment of an effective world collective security system, their individual interests are best served by their common commitment to mutual assistance under the North Atlantic Treaty. In support of this collective approach to security, Canada continues to contribute forces to the various elements of NATO's defence activities -- the defence of Europe, the defence of the North Atlantic, and the defence of the alliance's North American region.

In the meantime, NATO has responded regularly to new tasks that have developed. For some time it has been serving as a forum for the exchange of information and for the harmonization of members' views on a wide range of political issues. This process of continuing consultation is of particular value to smaller alliance members such as Canada because it gives us direct and immediate access to the thinking of our allies and an opportunity to bring our own views to their attention. More recently, NATO has assumed the major new function of co-ordinating the approach of its members to such important East-West negotiations as the Conference on Security and Co-operation in Europe in Geneva and the force reduction talks in Vienna. All of the allies, including Canada, share a desire to find practical ways to further *détente* and are satisfied their individual interests in this area are best served by the close harmonization of positions that NATO makes possible.

The late Lester B. Pearson attached considerable importance to

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Article II of the North Atlantic Treaty, which emphasizes the desirability of co-operation amongst alliance members in fields outside the traditional politico-military sphere. It is, therefore, gratifying to note that, in addition to its role in this area, NATO is making a regular contribution to the search for solutions to problems in fields, such as science and the environment, that affect the well-being of its members in quite a different way. The approach, which is low-key and pragmatic, is based on the idea that NATO's well-established techniques for co-ordination and consultation can usefully be exploited in any area of concern common to its members.

Looking to the future, it seems clear that for some time to come NATO will continue to have a major role to play in furthering the individual and collective interests of its members across a wide range of subjects. For Canada, however, our membership in the alliance is likely to assume still another dimension in the period ahead. We welcome and support the efforts of our friends in Europe to develop their political and economic unity. At the same time, we are seeking to diversify our own international relations, and in this effort the newly-emerging Europe will be an area of particular significance for us. As our new relations with Europe evolve, we have every reason to believe that Canadian membership in NATO in common with eight of the nine EEC members will provide opportunities for co-operation in areas of mutual concern.

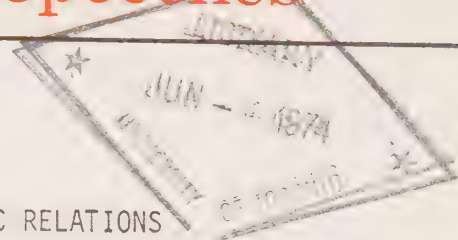
NATO's capacity to fulfil these useful functions in the period ahead will depend, of course on the maintenance of a sense of common purpose and the willingness of its members to find ways to overcome periodic internal differences, such as those now being experienced in the field of Atlantic relations. These differences should not be minimized, but I am satisfied that the vital interests the allies continue to share are of such importance to their individual and collective well-being that, as on similar occasions in the past, the present difficulties can and will be resolved.

In conclusion, I should like to mention the work of the North Atlantic Assembly. This body, although independent of the North Atlantic Treaty Organization as such, constitutes an unofficial link between the alliance and the parliamentarians of member countries. The Assembly, including its Canadian Members of Parliament, contributes significantly to a better understanding of the vital issues that confront us today.



# Statements and Speeches

No. 74/5



## THE PROBLEMS OF INTERNATIONAL ECONOMIC RELATIONS

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, at the Sixth Special Session of the United Nations General Assembly, New York, April 11, 1974.

The international trade and payments system is under increasing strains, strains which have their roots in the growing pressure of demand on the non-renewable as well as renewable raw materials of the earth. We have become starkly aware of a developing crisis in the most essential commodity of all -- food.

This global economic situation touches each and every one of us in some way. None of us, as nation states or as individuals, is or can be insulated. It is, therefore, appropriate that we should come together here at the centre of the United Nations system to discuss our common problems and to consider how they can be dealt with most effectively by co-operative action.

Three aspects of the global situation, all of them related to raw materials and development, are of particular concern:

- the problem of food for those in greatest need;
- the effects of high energy costs;
- the impact of inflation on the international trade and payments system.

As a substantial exporter of certain raw materials, and a significant importer of others, Canada approaches these questions very much aware that importer and exporter interests are closely inter-related. It is seriously misleading simply to equate exporter and developing-country interests, or those of importer and developed countries. Indeed, the common interest of exporters and importers, of developed and developing countries alike, in an effective international trade and payments system, may be the most salient point to emerge from our discussions at this session.

Canada's approach is coloured by its own experience. Canada began its history as an exporter of primary commodities. That is what attracted the first explorers. The exploitation of our natural resources helped to promote both growth and development within our economy. Over the years, our economy changed to a more sophisticated structure, involving a balance between resource exploitation and industrial production.



Many factors have contributed to growth and development in Canada, including:

- substantial foreign investment;
- access to technology, mainly through commercial channels;
- access to markets for our products; and
- a general sharing of the rewards of resource production among Canadians.

The importance of these factors in our development has made Canada an outward-looking country, with high *per capita* exports and a heavy dependence on foreign trade. It has also persuaded us that a reasonably free international flow of the factors of production, whether capital, materials or technology, is of central importance to the process of industrialization and the raising of living standards.

Nor has our experience led us to believe that there are simple answers to the problems of development, or simple formulas that will ensure equity in the relations between developed and developing countries. We are reinforced in this scepticism about simple answers by our own efforts to reduce economic disparities between far-flung regions and to reconcile the conflicting interests of industrialized and raw-materials-producing areas within Canada. We find the problem infinitely complicated, requiring a wide variety of approaches to achieve results.

I can give assurance, however, that Canada has a strong interest in stable markets and a reasonable price structure for renewable and non-renewable raw materials, including foodstuffs:

- We support international commodity arrangements in which both exporters and importers are represented.
- We favour the establishment of machinery to ensure that the decisions of multinational business corporations are consistent with the national interests of the countries within which they operate.
- We defend the right of capital-importing countries to define the terms for the acceptance of foreign investment. We do so in Canada.
- We believe that raw-material-producing countries have a legitimate interest in upgrading their resources.

In short, Canada recognizes the right of resource-owning states to dispose of their natural resources in the interest of their own economic development and of the well-being of their people.

What has to be borne in mind is that the legitimate aspirations of resource-owning states can only be achieved within a healthy and

dynamic world economy. The world may have to curb the rate of growth of its consumption of certain raw materials. But this should be done in a co-ordinated manner and not by acts that cause economic dislocation, unnecessary unemployment and declining incomes.

That is why reasonable security of supply for consumers is the counterpart of the rights of producers.

Abrupt and arbitrary actions affecting supply may seriously disrupt international economic co-operation. All of us, whether raw-materials producers or industrialized countries, whether developed or developing -- or a bit of both --, have a responsibility to exercise our sovereign rights in a manner that does not run counter to the interest of other countries and peoples in the maintenance of a favourable economic environment.

This is all the more important if the world is to exercise prudence in the consumption of finite resources. It is extremely difficult, if not impossible, to plan rationally for conservation of world resources within an unstable economic environment in which countries must constantly adjust to fluctuations in world prices and supplies.

I turn, then, to the three urgent problems I identified at the outset -- food, energy and inflation.

**Food** In the final analysis, foodstuffs are the most essential of raw materials. We are acutely aware of this because the world faces a grave situation, already marked by famine and distress. The World Food Conference in Rome later this year was called in recognition of the need to find constructive international solutions to this most pressing problem. We attach particular importance to the work of that conference, yet the urgency of the matter justifies some further comments.

Canada has for years been a major exporter of food and a large contributor of food aid internationally. We shall maintain our food-aid contributions bilaterally and through the international mechanisms we strongly support. The expenditure of an additional \$100 million was approved by the Canadian Government last week to meet the emergency needs of developing countries, particularly for food and fertilizer. The world food problem, however, cannot be met by the exporting countries alone. It requires concerted action by all those countries able to contribute, and firm support for existing mechanisms. Canada welcomes the recent contribution by Saudi Arabia to the World Food Program. Such contributions are essential if we are to meet the crisis in food supplies in a number of countries.

Let us hope that nature will bless the world with good crops this coming year. But we must never again, if we can avoid it, permit the margin between famine and sufficiency to become so narrow. I shall not at this time expand upon the steps that must be taken. That is more suitable to the World Food Conference. Let me leave this thought: that only if the heavily-populated developing countries achieve a higher degree of self-sufficiency in food can the future be faced with reasonable equanimity.

**Energy** The sharp rise in the price of oil and changes in supply and demand have had extraordinary effects around the world. As in the case of other raw materials, Canada has approached this situation as both a producer and consumer, as both an importer and exporter. Because we import as much petroleum into Eastern Canada as we export from Western Canada, we have gained no significant advantage in our balance of payments from these developments. We have not, of course, been insulated from international price increases. At the same time, in contrast to many less-fortunate countries, we have not suffered serious set-back.

In general terms, Canada favours an orderly framework for world trade in oil, which would provide for stable prices at a reasonable level. Such a framework would reflect the cost of bringing in new conventional and non-conventional sources of energy in order to meet rising demand. Prices should yield a fair return to the producer, without overburdening the consumer.

The energy question, of course, goes beyond that of oil. It involves other energy sources and the technologies needed to exploit them.

I realize that this session was not called primarily to deal with energy resources. They are, however, of such importance to the topics on our agenda that I wish to emphasize the need for a constructive dialogue to be engaged on energy and energy-related problems wherever appropriate. Such a dialogue is needed particularly between the principal consumers and principal exporters, whose decisions are crucial for the world as a whole, and especially for the energy-poor developing countries. Canada, for its part, is willing to develop mechanisms for consultation between importers and exporters of uranium.

**Inflation** If the energy situation has had little direct effect on our balance of payments, Canada, like other countries, cannot hope to escape the inflationary effects of rising prices at a time when inflation is already a serious international problem. The terms of trade have in recent months shifted significantly in favour of commodity producers, as the prices of minerals and agricultural products have



risen to unprecedented levels. But we are all consumers -- of raw materials and manufactured products -- and it is as consumers that the impact of world inflation is brought home to use most forcibly. I can see no easy solutions to this problem.

Governments can help by pursuing responsible policies. It is inescapable, however, that current energy costs compel a restructuring of international markets, which will inevitably take some time to work out. Every country will face challenges in adjusting its economy to the changed situation.

Urgent international action to meet this situation must include: the liberation of trade arrangements; the growth of development assistance; and the systematic and progressive reordering of the monetary system in the IMF, so as to subject the creation of international liquidity to accepted disciplines.

Canadian response In the face of these compelling priorities, Canada has reviewed its own commitments. Subject to Parliamentary approval, the Canadian Government intends to take several steps to help alleviate the situation of the developing countries most seriously affected:

- We shall proceed with our own contribution of \$276 million to the Fourth Replenishment of the International Development Association.
- We shall permit the advance commitment of our first two payments to IDA, if that seems desirable.
- As I mentioned earlier, the Canadian Government last week approved an additional \$100 million, over and above its originally-projected program, to meet emergency needs in developing countries -- particularly for food and fertilizer. For the coming year, Canada's development-assistance expenditures are expected to reach \$733 million, as against \$571 million last year.
- We are also reassessing our entire program with a view to ensuring that our development assistance is directed to those in greatest need and in sectors where an urgent response is required. The immediate measures will include balance-of-payments support through quick disbursing grants and soft loans for essential commodities. Longer-term measures will include assistance for the development of energy sources. Such adjustments in development assistance programs are difficult but necessary.

In this context, the Canadian Government believes that all countries with appropriate resources have a responsibility to examine their own situations closely and take steps to alleviate the plight of those countries which are hard hit by the present energy situation. There are promising signs that countries which have benefited most from oil-price increases will, in fact, be taking concrete steps to provide assistance on concessional terms.

A renewed effort of international co-operation is called for, in which full use should be made of those established and recognized international institutions which have experience and expertise in supporting development. The United Nations Development Program (UNDP), the International Bank for Reconstruction and Development (IBRD), the World Food Program, and the Regional Development Banks are repositories of technical skills available to the international community. As such, they offer a ready means of securing early and effective action.

Some of these institutions have already begun to adapt their operations to the new situation. There is every reason for them to carry forward this process of adaptation and to work out revised policies and criteria, new techniques and types of program, geared to present circumstances.

Finally, the Canadian Government has decided to bring into effect, on July 1, 1974, its system of generalized tariff preferences in favour of developing countries. My colleague the Minister of Finance will be announcing the details of the scheme in Ottawa.

Mr. President, these are some steps Canada is taking to help with the problems of concern to this special session. But none of them is as important, to my mind, as our intention to co-operate fully with other countries:

- in needed adjustments to the international trade and payments system;
- in matters of commodity trade;
- in the reduction of trade barriers;
- in support for the established development-assistance institutions.

There are mechanisms of international co-operation already established and in good working order. Let us use them.

Without close consultation in the appropriate bodies, there is little hope of maintaining an effective network of international economic relations. Conditions of disarray and sustained confrontation may yield short-term benefits for a few, but in the long run the consequences would be wasteful and dangerous for all countries.

Modes of international co-operation need constant adjustment in order to reflect existing trends and realities. These adjustments may be small or great. We may expect a reordering and readjustment of international economic relations to emerge from a range of multilateral consultations, including:

- the current monetary negotiations and the multilateral trade negotiations;

- continuing discussions and consultations on commodities;
- the evolution of international codes of conduct in various areas;
- the creation of particular mechanisms to meet urgent needs, such as the proposed special facility in the IMF, which we have encouraged the Managing Director to explore; and
- the evolution of new techniques of resource-management, including conservation policies.

We are in the midst of a period of transition, in many respects of unprecedented scope.

This special session of the General Assembly is one important step forward in this process. I welcome this opportunity to improve our mutual understanding of the problems before us. The Canadian delegation, in addressing itself to the problems of raw materials and of development, will be taking a positive but realistic approach. It will seek, in promoting its own positions and proposals, to take full account of the interests of others. It will be guided by the conviction that our common interest is in a healthy and viable world economy.

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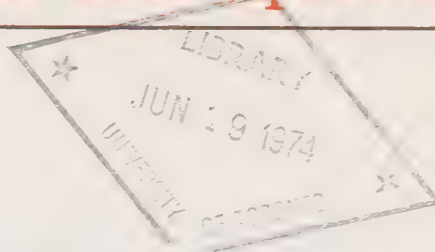






# Statements and Speeches

No. 74/6



## CANADA-U.S. RELATIONS

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Standing Senate Committee on Foreign Affairs, Ottawa, March 28, 1974.

The relation Canada has with the United States is unique and by far the most important of our bilateral relations.

It operates in three main areas:

- In respect of global, political and security issues that affect Canada, but in which we are not directly involved but where we lend our efforts to a solution. Examples of this are: Viet-Nam and the Middle East.
- In respect of multilateral questions, in which Canada is directly involved and where we may support, seek the support of, or indeed oppose, the United States, such as the Law of the Sea.
- In respect of the many problems that are special to us, where we seek to promote or protect the Canadian interest through mutual accommodation, such as oil and gas export.

Global situation in  
the 1970s

The relation therefore, even in the strictly bilateral area, is significantly affected by developments abroad. It is useful, therefore, to look briefly at what the political scientists call the "international system". The postwar structure of international relations and institutions is undergoing very important changes in the Seventies.

Let me describe these changes under three headings:

First, changing relations at the political level. The achievement of nuclear parity has led the two super-powers -- the United States and the Soviet Union -- to seek appropriate means for stabilizing their relationship. Negotiation has replaced the confrontation of the Cold War period. The United States is in the process of complementing the initial SALT agreement with a second agreement to cover offensive weapons. *Détente* is being pursued at both the multilateral level -- as in the Mutual and Balanced Force Reductions (MBFR) talks and at the Conference on Security and Co-operation in Europe (CSCE) -- and at bilateral levels -- in augmented commercial, technological and cultural exchanges between East and West.

Diplomatic contact, if not formal diplomatic relations, has been established between Washington and Peking. Regrettably, there has not been a similar improvement in relations between Moscow and Peking, even though diplomatic relations are formally correct. The United States has withdrawn its combat units from Viet-Nam and is actively pursuing peace in the Middle East, with at least the tacit approval of the Soviet Union. Many aspects of traditional defence relations are in the process of re-examination in the context of the changing international strategic environment.

The second relates to the new functional influences on the international system. These go beyond the traditional concerns over economic or military power we have been accustomed to.

These new influences involve such comparatively new considerations as the recognition of the finiteness of world resources -- and, consequently, new attitudes on the terms on which these resources will be made available to meet global demand; dangers to the world environment; managing new technology; the power of modern communications; and needs of less-developed countries. These factors are major modifiers of the current international scene. Their impact on the international political situation, including on existing political alignments, is only beginning to be felt.

The so-called energy crisis alone is a dramatic illustration. It has touched off a spate of attempts at bilateral supply arrangements, which are having their effects on relations between the United States and many of its allies. It has led to attempts, under the sponsorship of the United States, to approach the problem as a global one. Canada supported this conception and was instrumental in moving the initial discussions to wider forums, which will include not only LDCs, but producing countries as well. The energy crisis has forced us to re-examine our own position and to take measures to ensure Canadian security of supply. This in turn has required us to enter upon intensive and continuous consultations with the United States on oil exports.

The third heading under which I want to describe changes in the "international system" is international trade and payments. On this, the effect of the energy crisis has been convulsive.

Well before the curtailment of the international supply of crude oil, it was abundantly clear that the pattern of international economic relations had been dramatically altered. Japan had emerged as a major economic force. The European Community had expanded and strengthened to the point of rivalling the United States in global economic terms. Since the introduction by the United States of the New Economic Policy in August 1971, the postwar



system based on the Havana Charter and on Bretton Woods has been in the process of restructuring. Until the oil crisis emerged, there were encouraging prospects for developing a reformed monetary system at a fairly early date.

Similarly, preparations were well advanced for entering into substantive negotiations in the "Tokyo Round" of tariff and trade negotiations. The price increases for crude oil have had a devastating effect on the balance of payments of a large number of the developing countries and have posed very significant problems for even the wealthiest nations. As a consequence, discussions of the international monetary situation have tended to focus on the question of ensuring stability and of finding means of assisting those countries hardest hit by oil-price increases, with less stress on developing a comprehensive reform of the monetary system. With respect to the multilateral tariff and trade negotiation, it is not clear at this stage to what extent the "Tokyo Round" will be affected by emerging economic issues such as resource scarcity. In addition to focusing on the reduction of tariff and non-tariff barriers to trade in order to improve access to markets, it may become necessary in the course of these negotiations to consider the question of secure access to supplies of oil and other raw materials.

Given these three major elements, the changing international system, of which Canada is inextricably a part, will profoundly influence our future. We are therefore engaged in all aspects of it. Our first concern is to protect Canadian interests, but in the wider, not narrower, sense. Nevertheless, there are limits to the available options. We are exposed to an international environment over which we have incomplete control. But it provides us with opportunities, since others, even the great powers, also face constraints. Finally, it conditions significantly our relations with the United States, which will inevitably be a key player in all important areas.

Canadian policy and the  
current state of  
relations with the  
United States

As this decade got under way, the Government, in response to these changes in the international system, began a foreign-policy review that led to a number of innovations, including the development of relations with the Soviet Union and the recognition of China. There was a time when these measures were misunderstood in the United States. This undoubtedly had implications for bilateral questions. However, the foreign-policy changes that flowed from the Nixon Doctrine, and United States rethinking on many of these same questions, have meant that the Canadian and American perceptions of the political and strategic aspects of the external world are again largely parallel.

Moreover, our views on the larger multilateral trade and payments question are broadly similar during this period of substantial change in the international monetary and trading world.

But the economic relations between the two countries has greatly changed. Since August 1971, the United States has been pursuing what is called the New Economic Policy. Canada, for its part, has been intent on strengthening its economy, and diversifying its external economic relations, in order to reduce its vulnerability. We have each acted in response to domestic and international circumstances in pursuing separately our own perspectives of our national interest.

Nevertheless, the United States and Canada remain each other's most important customers. In fact, the trend for the foreseeable future points towards a continuation of this mutually-advantageous situation.

We are no longer at a stage where the trade "irritants" of 1971-72 assume so much immediate importance. These have taken on a different perspective when viewed against the energy crisis and other international developments. There has also been a recovery in the United States balance of payments.

The atmosphere is accordingly very much improved. But the situation is quite different from what it was in the 1960s. As I told the House Standing Committee on External Affairs and National Defence on March 19, we are in a period of adjustment to many domestic and international circumstances. National policies in both Canada and the United States, in several areas, such as the resources, economic and environmental sectors, will not necessarily coincide.

The Canadian objective is to expand and strengthen the Canadian identity and the Canadian economy.

To this end, our aim internationally will be to ensure that any measures adopted will be compatible with our goals. Domestically, if we are to meet our social and economic requirements, our industrial and manufacturing sectors will need to be strengthened. The level of employment will have to increase, so as to be in step with an expanding labour force. Regional disparities must be reduced. This will require Canadian decisions on locating industries in areas where they will most benefit our society as a whole. In the resource sector, it will mean the development of mineral resources at our own pace and the encouragement of further processing in Canada.

Our purpose is not to take unfair advantage, as some have alleged, of the United States, or to ignore its needs, or to eliminate a co-operation that has been so beneficial to both countries. Our purpose is to ensure a fair return in terms of our own requirements and to support the international trade and payments systems.

Similarly, in the environmental field, we shall continue to protect essential Canadian rights and interests through the process of consultation and negotiation. Four matters in this area have been the subject of considerable recent public attention. They are:

- the proposed flooding of the Skagit Valley;
- the Garrison Diversion;
- the West Coast tankers problem;
- the reduction of pollution in the Great Lakes.

In each case, we are pursuing Canadian requirements actively.

While Canadian and United States policies in the multilateral field are largely parallel, there is, nevertheless, a need to inform and consult with the United States to ensure that policies and actions affecting each other's interests will not be misunderstood or misinterpreted. For example, our search for balance and diversification in our external relations is leading us to broaden our relations with the European Community. At the same time, the United States is taking important initiatives of its own towards the Community and towards the Atlantic alliance as a whole.

I am very much concerned at the current tension that has arisen between the Community and the United States. The United States and the Community members include our major allies. It is necessary for Canada that the widest possible measure of co-operation and understanding exists with them and also, I must say, between them. We also need to ensure that political co-operation between Canada, the United States and the Community is maintained within the NATO framework, not only in the interest of collective defence but in the common pursuit of *détente*.

Tension and disharmony between the two sides of the Atlantic will inevitably be to Canada's disadvantage. I have for some years been concerned with this problem, and in 1971 drew the attention of both the NATO Council and of the OECD to the danger to the economic and financial environment, and therefore to Canada, of



any misunderstanding or lack of consultation on economic questions. The same holds true if there is discord on political questions. The Third Option is based, as I have said, on the diversification of our relations, not on our having to choose between our major partners and allies.

Furthermore, equilibrium must be restored in the world trading and payments systems. Otherwise economic management, both by government and by private industry, in Canada and in other trading countries, will be severely hampered. This equilibrium cannot be brought about in circumstances where the major trading nations on the two sides of the Atlantic are, as they seem at present, unable to take fully into account each other's requirements.

Similarly, our current efforts to explore with the Japanese new avenues for fruitful co-operation in economic and other matters should be seen as a natural manifestation of our diversification policy. It is also, of course, a response to the new status of Japan in industrial, commercial and also political terms.

#### Managing the Canada-U.S. relationship

How should the Canada-U.S. relation be managed in the period ahead? There exists a range of older and newer bilateral mechanisms on which the Canada-U.S. relation has relied and continues to rely.

Such mechanisms wax or wane in response to changes in the nature of the relation. In the period of the 1940s, through to the 1960s, there was a disposition on both sides to develop joint ministerial bodies for co-operation, particularly in the important fields of economics, trade and defence.

There has been less use of these joint ministerial mechanisms in recent years. Contacts between the ministerial counterparts in the two governments, either directly or through various multi-lateral meetings, have been a frequent and effective substitute for the more elaborate and more formal joint cabinet committees. Such meetings have, for instance, taken place in the past six months on foreign affairs, finance, trade, energy, environment and agriculture. There is also greater reliance on standard negotiating practices on an issue-by-issue basis. This is consistent with the emphasis given by both countries since 1970 to national rather than continental policies.

I do not believe that we need be unduly concerned that the joint ministerial mechanisms have not been employed frequently in recent years. We have found other ways to respond effectively and quickly to rapidly-changing events. Indeed, the relation is such that we can easily and quickly establish new mechanisms as required -- continuing or *ad hoc* -- to meet new situations.

In addition, there are important specialized mechanisms. Two notable ones are the unique and now venerable Permanent Joint Board on Defence (PJBD) and the International Joint Commission (IJC). Since its inception some 35 years ago, the role and composition of the PJBD have changed as the nature and requirements of joint defence have changed.

The International Joint Commission is a product of the Boundary Waters Treaty of 65 years ago. It had written into its mandate the potential for a broad role in Canada-U.S. relations. For a considerable period, however, the Commission confined itself mainly to activities related to regulating of boundary waters. More recently, however, the International Joint Commission has come to assume a much wider role, in a variety of bilateral environmental subjects. It is now and will continue to be a most valuable instrument in helping to manage this sector of our relations.

We have also, of course, the classical instrument for conducting business between states, our Embassy in Washington, with its network of 15 consular missions located throughout the United States. In recent years, we have been giving priority to building up this network so that it can effectively support the Embassy in promoting and defending the full range of Canadian interests.

For example, increased emphasis is being placed on providing the American public, as well as the United States Administration, with quick and accurate information on Canada and Canadian policies of interest to Americans. This program has already paid an important dividend. I believe that it was the energetic public-information work of our Embassy and consular missions in the United States in recent months that did much to head off misinterpretation and misunderstanding by many Americans of Canadian policy on our oil exports to the United States. The process of strengthening our missions in the United States to meet such demands continues.

To sum up, we are in a new phase of our relations with the United States, in which both countries are adjusting to new conditions abroad and more affirmative national policies at home. In both bilateral and multilateral matters we can expect a period of negotiation and adjustment over a wide range of issues which will need careful handling. There will be a continuing need to select our policies on their own merits in an unemotional, business-like and positive fashion.

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# Statements and Speeches

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No. 74/7

## CONFERENCE ON THE LAW OF THE SEA

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Canadian Institute of International Affairs, May 3, 1974, Saint John, New Brunswick.

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The theme I have chosen for my talk to you this evening is the forthcoming Law of the Sea Conference, which will begin next month in Caracas. This conference is perhaps the single most important international meeting to take place in many years. Behind the legal codification of a new international régime for the territorial sea, the continental shelf and the areas of the sea and seabed beyond these, lie all the great problems of global co-operation and organization on which our very survival on this planet depends.

I have mentioned the World Population Conference in August, where, for the first time, will be examined the implications of the tremendous growth of the world's population during this century, and especially since the Second World War. A related conference, on world food problems, will take place in Rome in November. The United Nations special session on resources that has just concluded looked at the problem of food and other raw materials from another viewpoint: the impact on development of the disruption of the international trade and monetary system due to the recent sharp increases in the prices of a number of commodities, especially oil.

All these conferences are concerned with one fundamental problem: the growing pressure of demand on the finite resources of this world. At the forthcoming Conference on the Law of the Sea, an attempt will be made for the first time to regulate and divide equitably the resources, both living and mineral, of a huge area of the earth. The seas and oceans occupy about 70 per cent of the earth's surface. Its riches and its limitations are only beginning to be understood. But already the limitations, the finiteness of the sea's living resources and of its absorptive capacity for pollutants, have become all too apparent.

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I do not think that I can overstress to an audience of Maritimers the importance of the sea, its protection and the orderly management of its bounty. The early settlements in this region and your livelihood over the centuries have been bound up with it and the water-borne commerce of Canada entering the outward-bound through your ports. The outcome of the Caracas conference will have a particular and direct bearing on the future development of the Maritimes.

The conference will be drafting texts of international conventions in much the same way that many past conferences have done. The great difference will be the codification of concepts for the management, regulation and establishment of a joint world ownership of a vast part of the globe. This is something very new and very important in the growing interrelations of countries and continents. If the conference succeeds in its work, the world will have taken an enormous step in the direction of working out collectively the responsible global exploitation, use and conservation of world resources.

To accomplish its work, the conference, which will meet throughout the summer and probably again in a further session, will address itself to several broad areas of common concern:

- the breadth of the territorial sea;
- the further area of national jurisdiction - the so-called economic zone or patrimonial sea;
- the water and seabed area beyond the limits of national jurisdiction and concept of "the common heritage of mankind";
- navigation in the different zones and areas of the sea;
- fisheries and their conservation;
- the protection from pollution of the marine environment.

Not only the Maritimes but all Canada has a strong and direct interest in the outcome of the conference in each of these areas.

**Territorial sea** For centuries, the distance of a cannon shot, the classical three miles, was the accepted limit of the territorial sea. By 1958, however, it had come to be recognized that, with the advance in technology of all sorts, including the speed of ships, modern

communications, the numbers of ships entering and leaving busy ports, the growing efficiency of distant fishing operations -- and perhaps also the longer range of cannon -- had led many governments to the conclusion that some adjustment was necessary. The 12-mile concept had gained considerable currency, or at least a continuous territorial sea and fisheries-protection zone beyond three miles out to 12 miles. Canada, with its important traditional fishing interests, put forward such a compromise at the 1960 conference. The 1958 conference, which had achieved an important success on the continental-shelf question, had failed to reconcile the different points of view on the limits of full sovereignty.

The 1960 conference also failed to come to a conclusion, but only by one vote. Since that time, a number of countries have taken unilateral decisions on a 12-mile limit.

In 1970, Canada, for instance, established a 12-mile territorial sea. In the same 1970 amendments to the Territorial Sea and Fishing Zone Act, Canada laid down the legislative basis for proclaiming exclusive fishing-zones "adjacent" to its coast. Subsequently, by Order-in-Council, fishing-zones were established on Canada's east and west coasts.

guous economic zone There is also general agreement that some area beyond the territorial area should be under the jurisdiction of coastal states. The 1958 Continental Shelf Convention gave economic and management rights to the limit of the 100-fathom mark or to the "limit of exploitability" of the coastal shelf. One hundred fathoms was well beyond exploitability on the basis of the technology developed at the time. In the years since the Continental Shelf Convention was drafted, technology was advanced to the point where it can be foreseen that there is virtually no limit, owing to the depth of water, of the area that can be exploited -- if not today, at least in the near future.

Some 148 states with very different geographical dimensions and attributes are eligible to come to Caracas. Of these, 39 are landlocked. Particularly, the latter look with great interest to the conception put forward some years ago by the Maltese representative at the United Nations, Dr. Arvid Pardo. He argued that, beyond the territorial sea and economic zones, the exploitation of the seabed should take place for the benefit of all states. The landlocked states quite naturally wish to limit the economic zone of the coastal states as much as possible. They have put forward the idea of a limited 40-mile zone or one



extending only to the 200-meter isobath -- the old 100-fathom line. This proposal goes back from the "limit of exploitability" conception embodied in the Continental Shelf Convention.

Canada is in the special position of having one of the most extensive continental margins on its east coast, stretching well beyond the 200-mile mark. In some places, Flemish Cap and the Grand Banks, the distance is double and more. However, on the west coast, the shelf runs out barely to 40 miles.

The Canadian position regarding the limits of the continental shelf is based on state practice, on the 1958 convention itself, and on the 1969 decisions of the International Court of Justice in the North Sea Continental Shelf cases, which defined the continental shelf as the submerged natural prolongation of the continental land-mass. On the basis of these three legal foundations, Canada claims and exercises rights over the whole of the continental margin, including the continental slope and rise as well.

Just as the coastal states have a natural advantage over the landlocked countries, so inevitably will the Maritimes have a special advantage, through the simple fact of geography, in the on-shore storage and processing of the resources from the adjacent seabed area. But, if the Maritimes and other coastal areas have this advantage, it also follows that Canada as a whole must in some way, through federal action, share in the benefits of this new extension of the area of national jurisdiction. We have here an analogy with the position of the landlocked states in sharing, under the Maltese formula, in the "common heritage" of the sea.

Common heritage  
of mankind

The matter of national limits of jurisdiction over seabed resources became particularly important with the introduction of Dr. Pardo's resolution at the United Nations in 1967. This resolution led to the establishment of what became the United Nations Committee on the Seabed. The Maltese proposal called upon the United Nations to examine reserving the seabed and ocean floor and its subsoil, beyond the limits of national jurisdiction, "exclusively for peaceful purposes... and the use of their resources in the interest of mankind". The 1970 Declaration of Principles Governing the Seabed confirmed that there is an area of the seabed and ocean floor beyond the limits of national jurisdiction that constitutes the "common heritage of mankind", and which is not subject to national appropriation or claims of sovereignty. Thus, attention was focused on the crucial question -- what are the "limits of national jurisdiction" over seabed resources?

Simultaneously, with the definition of an outer limit of national rights over offshore minerals, the powers of the proposed International Seabed Authority must be defined.

The developing nations would like to see all mineral-resource exploration and exploitation activities in the international area, including scientific research, to be carried out by the International Seabed Authority and not by individual states. However, many now recognize that the high cost of seabed exploration and exploitation would be beyond both the financial and technical means of the Authority alone, at least at first. Accordingly, some are coming around to the view that joint ventures and other forms of collaboration between the Authority and individual contracting states may be necessary. Several developed countries, on the other hand, want a simple licensing scheme, allowing them to go ahead on their own with the Authority's role largely confined to issuing and registering the necessary licences. I can, however, foresee Canada playing an important role in the building up of the technical resources of the Authority.

Once again, Canada advocates an accommodation of national interests on this delicate but highly important issue. The role of the International Authority must be defined in a way that helps narrow the gap between the "have" and "have-not" countries. In the Canadian view, there should be a "mix" of licensing and sub-contracting by the Authority, as well as direct exploitation by the Authority itself when it acquires the means and know-how. It would seem illogical, however, for Canada, with its program of development assistance, which is among the most extensive of any, not to give the Authority every support so that it could in time become an important source of material and financial assistance to the developing countries.

Some developed countries will soon have the technological capability to extract and process certain mineral resources of the seabed for commercial purposes -- the much-publicized manganese nodules. Indeed, a number of U.S. and other companies are said to be ready to move to the exploitation stage within two or three years. This possibility arouses strong concern on the part of developing nations.

Canada, along with most developed countries, was unable to vote in favour of a moratorium resolution put forward in 1969 by the developing countries, believing that it would unduly restrict technological progress and cause an unacceptable delay in making these resources available to all.

Of special concern to Canada is the high nickel content of the manganese nodules that have been found in quantity in certain parts of the seabed. Canada is the world's largest producer and exporter of nickel, and also exports copper and cobalt. We cannot ignore the impact that mining of the nodules could have on our economy. Canada is not alone in this position; for example, Zambia, Chile and Zaire, all with large copper outputs, have a comparable interest. Therefore, Canada is pressing for an orderly regime for the development of the international seabed area, under which the law will keep up with technology, and the abyssal seabed resources will truly benefit all mankind.

Navigation The increased jurisdiction being proposed or already claimed by coastal states has given rise to conflicts with the navigation interests of major maritime powers. On the resolution of these conflicts, more than anything else, may hinge the success of the Law of the Sea Conference. As I have said, the majority of states already claim a 12-mile limit for the territorial sea. The coastal state exercises full sovereignty over this area, but must permit foreign vessels innocent passage through it. Submarines must surface in another nation's territorial sea and warships must cover their guns. Passage is "innocent", according to the 1958 Convention on the Territorial Sea, if it is not prejudicial to the peace, good order and security of the coastal state. If the coastal state decides that passage is prejudicial on these grounds it may take action to stop it.

But can the passage of a polluting ship be innocent? Should Maritimers or British Columbians be forced to stand helplessly by while a passing vessel contaminates the shores on which they live? You have had sufficient unpleasant experiences already to understand the serious economic, social and recreational damage even a relatively small spill can cause.

Canada maintains that "environmental integrity" is as valid a conception as "territorial integrity", and that every state has the right to protect itself by legitimate means against acts of what might be called "environmental aggression". Canada asserts that a coastal state can suspend the passage of a foreign vessel through its territorial sea where a serious threat of pollution is involved. We shall seek to have this right explicitly confirmed in international law. On this point we are opposed by major maritime powers, who fear that such an interpretation of innocent passage would entitle coastal states to interfere unduly with the movements of their naval and merchant vessels.



Another area of conflicting views is the right of passage through straits used for international navigation. On the one side, there are the military and commercial concerns of the major maritime powers, who would like a "free transit" conception to replace "innocent passage", now that many of the world's most important straits such as Gibraltar and Malacca will become territorial waters through the adoption of the 12-mile rule. The strait-owning states oppose this concept and insist on the continuation of "innocent passage" to protect their security and their environment.

Canada looks favourably upon the development of the archipelagic waters theory, which is closely related to the straits issue. This has been put forward by the states composed of many islands, such as the Philippines, Indonesia and Fiji. Even though it does not apply directly to the Arctic archipelago, which is a coastal one adjoining a large land-mass state, it appears to be a move in the right direction, at least so far as economic jurisdiction is concerned. The thorny issue of transit through straits and archipelagos will doubtless cause major difficulties at the Conference.

**Fisheries** In 1609, the renowned Dutch jurist Hugo Grotius wrote:

"Most things become exhausted with promiscuous use. This is not the case with the sea. It can be exhausted neither by fishing nor by navigation, that is to say, in the two ways in which it can be used."

This statement is no longer correct on two important counts. But for some 350 years it accurately summed up the relationship of man and the sea. Any politician must agree that being considered right for that long is a highly enviable reputation. But Grotius underestimated both mankind's energy and ingenuity. There are certainly more than the two traditional uses of the sea that he cites. Also, and very troublingly so, we know that the sea can be exhausted by the indiscriminate use of modern fisheries techniques. The last years have seen the developments of methods of fishing that resemble vacuum-cleaning more than anything else. As ancient and vast as it is, the sea cannot indefinitely be abusively exploited. Like everything else in our world, it has its limits. Human technology can now fish whole species to virtual extinction.

With an expanding world population and an ever-increasing demand for protein, the living resources of the sea become daily more important. Long-range "factory" fleets go to sea for months at a

time, equipped with self-contained processing and freezing plants and sophisticated fish-detecting equipment, hunting hundreds and even thousands of miles from their home waters. These fleets are well known in the waters off our coasts.

But the end to expansion is in sight. In the foreseeable future, all major fish stocks useful to man will be exploited to the maximum these stocks can bear, or even beyond. With unrestricted competition for these scarce resources, overfishing and consequent reductions in yields would inevitably follow. Already in some of the world's most valuable fisheries, such as herring, the declines have set in. For some species of whale, overfishing has caused such a serious depletion that 50 years will be required to assure their restoration. In this light, there is an urgent need for establishment of management regimes to tailor fishing pressure to the capacity of the resources to regenerate themselves.

It is ironic that, if it had not been for the Second World War, these resources might have reached the depletion point even earlier. The six years that mankind devoted to the destruction of his own species gave a needed respite to the creatures of the sea, and they multiplied virtually undisturbed during that time.

For the coastal fisherman of the Maritimes or of British Columbia, dependent on the stocks that in turn depend upon his home waters, overfishing by others can spell the end of his livelihood. Only by applying management controls, such as quotas and seasonal limits -- for example, during spawning --, can the maximum yield be available each year to coastal fishermen and long-range ships alike.

Perhaps the greatest difficulty in preventing overfishing arises from the "freedom of the high seas" idea. If fishing vessels in increasing numbers can go wherever they please and harvest any stock to the limits of their capacity, two dangerous problems arise

- conservation becomes impossible, and
- coastal states with foreign fleets on their doorsteps are deprived of a resource on which they depend.

Canada is directly affected by both these problems. With fishing communities on both coasts, we must protect the fisherman's livelihood, as well as the resources on which he depends. Farther from home, proper conservation measures will have to be applied throughout the world, or there will not be enough fish left for

anyone, anywhere. This is becoming strikingly true for the tuna fisheries in the offshore waters of both the Atlantic and Pacific.

Canada's approach to these problems is good management of fisheries as part of the broader need for management of the whole marine environment.

A consensus appears to be emerging that, within a 200-mile economic zone, coastal states should have exclusive rights over all living resources. This trend meets Canada's main objectives. It would allow the coastal state to have a determining voice in both the management and the exploitation of fisheries resources.

Of course, this 200-mile conception does not entirely cover Canada's needs. There exist off the East Coast large concentrations of fish stocks beyond that rather arbitrary limit. However, I believe it will be possible to marry this zone-limitation with our more functional approach. This approach was designed to provide specific solutions for the specific problems arising from the different life habits of the various types of fish and other comestible marine creatures. What is likely to come out of the conference is a regime that will ensure that the coastal state can take fish to the limit of its capacity. With this right, there would be an accepted system that would provide for adequate management of all stocks by the coastal state. At the same time, other states would be allowed to participate in the harvesting of the surplus available.

There will, of course, also have to be special arrangements to handle special problems, such as the paramount rights of coastal states over what are called the "anadromous" species, like salmon, and other special categories of fish, such as the wide-ranging species, like whales and tuna.

Over the last few weeks, we have had strong indications that such extended jurisdiction for the coastal state will indeed attract the support of a large majority of states.

protection of marine  
environment

I am sure all of you share my great concern over the continuing degradation of the marine environment. More particularly, all of us have become acutely aware that indiscriminate utilization of the sea may inflict long-lasting damage upon this environment.

In the search for new sources of food, the world has come to rely more and more on the sea and shoreline, which abound in nutritious living organisms. Maritimers, particularly, also understand the great attraction of the sea environment for health and recreation.



Oil-spills or seepages from the seabed can have disastrous effects. Norms are needed to keep man's activities in, over, below or on the sea within acceptable limits. One should, however, bear in mind that the pollution of the oceans is primarily caused by land-based sources.

Protection of the marine environment from contamination has so far been discussed in two main international forums: the Inter-governmental Maritime Consultative Organization (IMCO) and the 1972 United Nations Conference on the Human Environment.

Since its inception, IMCO has administered a number of conventions aimed at regulating navigation so that it will cause as little deterioration as possible of the marine environment. Last year, the IMCO Assembly created a Marine Environment Protection Committee to underline the Organization's growing work in the environmental field.

The 1972 Stockholm Conference elaborated a Declaration on the Human Environment, whose widely-accepted statement of principles may be considered as laying down the foundation for the future development of international environmental law.

A Statement of Objectives Concerning the Marine Environment, which was endorsed by the Human Environment Conference, recognizes the particular interests of coastal states with respect to the management of coastal-area resources.

The groundwork, therefore, seems to be sufficiently advanced for the Law of the Sea to elaborate a legal instrument pertaining to the whole realm of the marine environment -- an "umbrella" treaty that would become the organic link between all existing and future instruments aimed at controlling specific sources of pollution of the marine environment.

The protection and preservation of the marine environment would embrace all sources of pollution, not only pollution from ships but also pollution caused by seabed activities; from land-based sources; through run-offs or through the atmosphere; and that arising from the disposal of domestic and industrial wastes. Regulating the latter will, of course, remain within the purview of individual states.

Canada does, of course, subscribe to the idea that competent international organizations should establish appropriate, stringent standards of universal application against marine pollution.

But Canada, with its long coastline and its very special environmental conditions and physical hazards, considers that coastal states must retain the power to prescribe and enforce their own anti-pollution standards, to the extent necessary, over and above the internationally-accepted rules, not only in their territorial waters but also within their areas of jurisdiction beyond. It is on that basis that Canada adopted in 1970 the Arctic Waters Pollution Prevention Act and related regulations under the Canada Shipping Act.

Pollution control will assuredly be one of the crucial problems to be resolved by the Law of the Sea Conference. Extensions of coastal-state jurisdiction automatically mean restrictions on some of the freedoms still cherished by many of the seafaring nations. But the marine environment is precarious and the disastrous consequences of unchecked abuses are beginning to be understood. Freedoms that have existed heretofore should be balanced by obligations. Of course, there should be guarantees on the part of coastal states not to overreact, not to over-control, so that legitimate activities are not interfered with unduly.

Marine scientific  
research

Another question that the conference will be looking at is the rules governing research vessels. We recognize the need for intensifying world-wide research into the many secrets of the sea. Mankind is on the threshold of much greater involvement with the ocean areas of the planet, as population pressures and need for resources impel us into this vast new frontier region.

Knowledge of what it contains must be shared, and also put at the disposal of the Seabed Authority. But research also has commercial, economic and security implications that can give one nation advantage over another. We believe that states should have the right to control and even disallow research activities in waters adjacent to their coasts. Coastal states must have the right to participate in research conducted in areas adjacent to their coasts by foreign states, and must have access to data and samples collected, through prompt and full reporting of results and their effective dissemination.

With all these complex problems before it, we can have no illusion that the conference will be an easy one, or that it will readily resolve all the issues before it. But I have been struck by the universal seriousness with which nations have confronted these issues during the long preparatory sessions of the past years.

These meetings, which have ranged from formal conferences to small working groups of like-minded states, have produced a widespread understanding of the range of implications involved in each issue.

I believe that there is a general political will to come to acceptable conclusions, based on a recognition of the importance of success and on the unacceptable risks and dangers of failure.

The Canadian delegation will take a prominent part in working for the success of the conference, as Canada has done at the many preparatory meetings. A great deal is at stake for Canada's future. But perhaps as important is the role of the conference as a demonstration that states have understood the facts of interdependence, not only for the admittedly important reasons of national security and economic well-being but for the overriding requirement of co-operation for our survival on this planet.

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# Statements and Speeches

No. 74/8  
(Corrected version)\*

## DIPLOMACY TODAY -- RECOGNITION, ASYLUM AND CONSULAR PROTECTION

A Lecture by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, Osgoode Hall, Toronto, April 3, 1974.

In the last few years, as Canada's foreign relations have expanded and grown in complexity, there has been an increasing awareness among Canadians of these relations. As more Canadians every year travel abroad, there is a greater appreciation of our overseas activities and a greater interest in them. With this has come -- quite understandably -- a questioning of some of our ways of going about our international business.

It might be useful, therefore, if I describe how the Government sees the purpose of our missions abroad. I want particularly to touch on three related areas, about which there has been a certain amount of discussion in the press and in correspondence to me or to my colleagues in the Government. These are:

- 1) Recognition of regimes;
- 2) consular protection of Canadians; and
- 3) asylum.

Since earliest times, the problem of the protection and advancement of national interests in other countries has been considered an essential national requirement.

From the early Greek writers, especially Thucydides, we have descriptions of the situation which existed in the centuries before Christ in the Eastern Mediterranean, and the methods devised for establishing relations between different communities. The various Greek city states existed in their separate valleys, and in earliest times regarded strangers as being by definition hostile. It was into this unpromising international -- or intercommunal -- atmosphere that the idea was born of sending emissaries or envoys to discuss mutual problems and to resolve disputes.

These early envoys were, at first, often seized and, we are told, cast down wells, before discussions could begin, simply because they were strangers. But the idea that one state might wish to speak with another state by means of an envoy was a very strong one.

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\* Replaces version distributed early in July 1974.

To overcome the difficulties of establishing this dialogue, a convention became accepted that the persons of these envoys, or heralds as they were called, were sacred. This was the beginning of the idea of diplomatic privileges and immunities.

The diplomat was born of a need of essentially hostile states to find some method of communication. There was an early understanding that national interests transcended borders. It is this same conception -- the need for dialogue -- which prompts the Canadian decision to make arrangements to send representatives to another country. The basic reason for this gesture is a national one -- the advancement of the national interest. The most obvious external interest, which is still perhaps the strongest single force in international affairs, is the exchange of goods: in a word, trade.

In its paper *Foreign Policy for Canadians* issued in 1970, the Canadian Government summed up what it meant by foreign policy in these words: "In essence, foreign policy is the product of the Government's progressive definition and pursuit of national aims and interests in the international environment. It is the extension abroad of national policies."

Canada's external interests have grown with our evolving status from colony, to an autonomous part of an empire, through to full independence.

Our posts abroad grew from an initial two, in London and Paris, whose status was something less than that of a full diplomatic mission. Our first true foreign mission was the Legation in Washington, established in 1927. From that time on until 1939, a few other legations and embassies were established. But it was not until the Second World War that, through our alliances, we saw a great expansion of our diplomatic missions abroad.

Canada emerged from the Second World War with considerable economic strength and a new sense of independence. The war had taken many Canadians abroad and had kindled throughout the country a tremendous interest in the world outside Canada's borders.

Canadians became one of the world's most travelled people. Today, there are two million valid Canadian passports in circulation, and my Department expects to issue another 500,000 this year. This great interest in the world outside our borders stems, I think, from the recognition that Canada depends, perhaps more than most other industrialized states, for its well-being and security on trade and co-operation with others. We also look abroad for the expression

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of an important element of our national character -- a belief in a certain human duty toward others.

All these activities have drawn Canadians to journey abroad. This has required the establishment of a wide and still-expanding network of diplomatic and consular missions throughout the world. One of their major purposes is to protect Canadian interests and to assist in the development of the external links in the wide range of fields of contact and co-operation which Canadians seek to develop.

Recognition Canada, along with other states with a Western legal heritage, subscribes to the principle that the recognition of a government involves a decision as to whether an authority claiming to be the government of a state is entitled to be regarded as representing that state on the international plane. Recognition of a government should be distinguished from recognition of a state since recognition of a government, or of a new form of government of a state previously recognized as such, does not affect recognition of the state itself.

On the question, in a situation of violent change, of what government to have relations with, Canada, again along with most Western states, applies a simple test:

- Is the government in question able to exercise control, with a reasonable expectation that it can deal effectively with foreign governments for at least some period of time?

While this act of recognition is essentially legal in nature, the relevance of certain political considerations is recognized in modern international practice. There is, therefore, scope for the exercise of some discretion.

Further questions we ask ourselves are:

- Has the government in question expressed its willingness to fulfil its international obligations?



-- Is it achieving acceptance by a significant number of states, especially those which view recognition broadly as we do?

In case of doubt in the matter of recognition, one must go back to the basic principle -- that entering into relations with a government is a question of national interest and not an act of approbation or a sign of particular friendship.

To illustrate in modern terms the disadvantages of breaking relations in order to show disapproval of policies or actions, we have the various situations that have occurred since the six-day war of 1967 in the Middle East. A number of the Middle Eastern states broke relations with Britain, France and the United States. Nonetheless, these states recognized the need for some form of continuing direct contact. The old practice of another state being designated to look after the interests of those with which relations had been broken was adapted to fill the need for essentially uninterrupted relations on a broad range of subjects. The original practice involved the mission taking over the interests of a state whose mission had departed, in an occasional presentation of a note or other communication. Very often, no officials of the departed state remained. This situation was found to be inadequate and a so-called "interests section" was established, under the flag of the protecting state.

It was often housed in the former premises of the departed state, but with a new flag and new plaque on the door. These interests sections were, in several cases, very large, and headed by a senior official, even of ambassadorial rank. In fact, one had a full-blown diplomatic mission under another name. There were, however, numerous disadvantages. The head of the so-called interests section had no normal right of access to officials and was hampered in a number of ways in the performance of his job.

Short of breaking relations, in a situation where there is no particularly warm regard between states, there are a number of other actions that can be taken to indicate this. Ambassadors may be withdrawn and a less senior official appointed chargé d'affaires. The mission can lie low in its social contacts with the regime; it can be represented at official ceremonies and events by a very junior officer. Many signs and symbols can be

used. But it is important to use them sparingly, since excessive use can give an impression of pettiness and prevent the kind of dealings which should go on between governments in their own interests.

The act of entering into relations with a new regime is also an indication of what exactly is meant by continuing relations. When the decision is taken by the Canadian Government to continue relations with a new government of a state where there has been a violent change of regime, this is sometimes done by finding some very routine matter and writing a note to the new incumbents. It may be no more than a simple acknowledgement of a circular note from the foreign ministry informing, for instance, that the foreign ministry would be closed on such a date for some local holiday. No fulsome expression about continuing relations is involved -- only an indication that "we wish to continue to conduct official business with your country".

It is sometimes not appreciated that the alternative to not recognizing a regime is to pack up and leave. The interests-section approach may not always be accepted and, as I have said, it has many disadvantages.

It is my belief also that, through contact and dialogue, one is first of all in a better position to know what is really going on in a country and, secondly, one can sometimes have an influence on events. Sharp reactions often provoke obduracy rather than a desired result. Dialogue, although often a long, painful process, is, in my view, a more effective method of persuasion.

There is also the rather special case of a newly-emerged state. When a former colony achieves independence through negotiation with its former masters, there is no particular problem. It is when there is violence in the relationship and no clear-cut break that factors must be weighed. In such situations, Canada applies the basic legal test of control over territory: has, in fact, a new state emerged, with reasonable assurance of permanence? Is it in a position to assume international obligations? In a civil war or colonial war situation, the answers to these questions must be clear or one may find oneself having recognized a state which subsequently disappears.

There are currently three situations where there are rival claims of jurisdiction. In South Viet-Nam, in Cambodia and in Guinea Bissau or Portuguese Guinea. The latter case is perhaps the one over which there is most controversy, since it is a colonial situation. Canada's views on Portugal's African territories are

clear. We have said on many occasions that the continuation of colonial rule in Africa is not compatible with the evolution of events in recent years, or with the philosophy of human dignity to which the great majority of countries subscribe.

Nonetheless the PAIGC forces in Guinea Bissau are not at the present time able to meet the standard criteria under international law that we accept as the yardstick for the existence of a new state.

#### Consular protection of Canadian interests

Now that I have described our philosophy of relations between states, I should like to say something about the jobs which our missions abroad can and do perform, and also something about the limitations on their actions.

The first requirement for us to be able to do anything for Canadians abroad is to have a presence in the main areas of Canadian interest. The presence can vary from a very large embassy with a network of consulates, such as we have in the United States to an agreement to enter into diplomatic relations. This latter state is short of presence but, through accreditation of officials at other posts, allows for the beginnings of a dialogue and, through visits and the right of calling on ministers and other officials, starts the process of advancing Canadian interests in that country. I am often asked why we don't have missions in this or that country. The reason is the classic one of priorities for limited resources, both financial and human. These priorities are constantly being reassessed and our program of increasing our missions abroad is modified as necessary by changing circumstances and requirements.

The protection and assistance our missions abroad can give is based on long-standing traditions and conventions. The problem of protection of national communities in foreign countries is not a new one.

It was the Greeks again, and other inhabitants of the Mediterranean who developed a system not unlike our modern consular offices. The system continued through Roman and Medieval times and some most interesting early documents have been found which lay down codes for the conduct of international trade and the rights of foreigners in other countries. These were elaborated in a time that historians usually refer to as the "Dark Ages".

More recently, the rights and duties of foreign representatives and of the states receiving them, have been codified in the Vienna conventions on diplomatic and consular relations of 1961



and 1963 and, of course, in a number of bilateral agreements between nations. Because the Vienna Convention on Consular Relations contains certain provisions that involve provincial jurisdiction, the Government of Canada is not yet in a position to become a party to that agreement. However, the agreement is essentially a declaration containing general and long-standing international law concepts with which Canadian consular practice largely conforms.

Article 5 of the Vienna Convention on Consular Relations specifies the various internationally-accepted consular functions, including: "Protecting in the receiving state the interests of the sending state and of its nationals, both individuals and bodies corporate, within the limits prescribed by international law". These limits referred to have to do with the principle that states are sovereign entities and that the laws, customs and regulations of a particular country have no external status or authority, and thus do not apply inside another state.

This is a fundamental limitation that is important for Canadians travelling abroad to understand.

Canadian citizens residing or travelling in other countries are subject to the laws and regulations of those countries, just as foreign citizens residing or travelling in Canada are subject to Canadian laws and regulations. When persons run afoul of foreign laws and regulations, they must expect to be dealt with in accordance with local procedures and practices, just as foreign citizens in violation of laws in Canada will be dealt with in accordance with Canadian laws and regulations.

It is important, I think, to keep in mind this relationship with our own actions. I recognize that this is not always easy, especially when laws, regulations and procedures in many countries seem severe and even harsh by Canadian standards. Some countries, for example, permit almost unlimited detention without charges, pending an investigation of a case. Severe punishments are often imposed; conditions of detention, while perhaps considered adequate by local standards, are sometimes far below what we should consider to be even minimum standards in Canada.

Two routes are open to Canadian officials in dealing with situations involving Canadians -- the legal and official route and the unofficial one. The first route usually restricts the Canadian representative to ensuring that, when a Canadian citizen becomes involved with the law in another country, he or she is treated no

less fairly than other foreign nationals, or than the citizen of that country. He can also ensure that the appropriate legal counsel is obtained.

Unofficially, quite often a great deal more can be done: representations to local authorities to consider possible mitigating circumstances, to speed up otherwise slow judicial processes, and appeals for leniency on appropriate humanitarian grounds, to the extent that local law and practice permit.

One other problem which our representatives face is knowing about a Canadian who is being detained by local authorities. Often, of course, Canadians so detained can inform our embassies or consulates of their arrest. However, foreign governments are under no obligation to inform our representatives when a Canadian is in custody, unless the person detained so requests. Nonetheless, most foreign governments do notify our representatives when a Canadian is in custody.

One of the most important generally-recognized rights is that of consular access. This is the right of our representatives to visit the person concerned so that they can ascertain and respond to his wishes regarding legal counsel, notification of next-of-kin, and other specific requests he may have. In rendering assistance, my officials, rather like doctors or lawyers, endeavour to respect confidences.

Of course, some individuals, for various reasons of their own, do not want Canadian representatives, or their own relatives, to be aware of their situation. In such instances, we learn about the event only later, and perhaps even by accident, or when, on reflection, the Canadian confined decides to request assistance after all.

I quite understand the sympathy expressed by Canadians when a fellow Canadian, or perhaps a family member, is in legal difficulties abroad. When local laws and procedures are more rigorous or harsh than those that apply in Canada, there can be even greater concern, and a feeling that an injustice is being perpetrated. This moves them to call upon the Government, and especially my Department, to "do something about it".

But, as I have suggested earlier, there are constraints on our dealings with other governments on these matters. There are also reasons why we should respect these constraints. In the first place, the guidelines of international law and accepted international practice have been carefully evolved. Sovereignty is the

most important concept for the protection of a country from unwarranted interference by another state. But there has grown up a balance between the absolute sovereignty which states claim and the generally-recognized rights of other states to be involved in the interests of their citizens abroad.

Canada could not tolerate other governments interfering in our own judicial processes on behalf of their nationals, nor should we take kindly to outraged or intemperate criticisms of our judicial practices.

The second constraint, and one that I consider most important, is the question of effectiveness. We have found that quiet persuasion and unpublicized *démarches* are extremely effective in many cases. There are two important factors that modify the actions of states in the treatment of foreigners, within the latitude allowed by their laws; one is world opinion and the other the bilateral relationship with the countries of the foreigners concerned. It is often effective for our representatives to note that, by not showing some comprehension in a certain case, the general relationship between the country concerned and Canada is damaged.

I sometimes receive suggestions that we take drastic action toward this or that government, that we sever trade or aid relations, or that we should make our concern known through highly-publicized demands and threats. This seems to me to be a sort of verbal "gunboat diplomacy" which Canadians will surely consider obsolete.

I ask the persons involved whether the important thing is the public assertion of our position, or the relief of the immediate problem. Most Canadians would agree, on reflection, that the important thing is to resolve the question. Public declarations of righteousness are a luxury that one can dispense with.

Another factor is that any unnecessary publicity concerning a question can often cut across our diplomatic efforts to resolve the question, and can create fresh difficulties for other Canadians living or travelling in that country.

I have spoken at some length of difficulties with foreign laws, but there are also a great many other circumstances in which Canadian officials can be of help.

Deaths and illness occur while Canadians are abroad; they become injured, they lose money or passports or are victims of robberies. Because of international conflict or local tensions, they may



require urgent assistance and possibly evacuation from the area. In such cases, Canadian representatives give all possible assistance; notifying next-of-kin, arranging for medical attention, providing emergency financial assistance, emergency evacuation, and so on. The vast majority of these situations have happy endings, and I receive many letters testifying to this. During the past year, our embassies and consulates abroad provided over 200,000 consular services to Canadians in difficulties or seeking assistance for one reason or another.

Services are also rendered in happier circumstances: the registration of a birth of a Canadian abroad; helping a foreign bride of a Canadian to come to Canada; making available Canadian papers and news bulletins about events at home.

Perhaps, before concluding this part of my remarks, I might say a few words about passports. These are essentially internationally-recognized identity documents, which are accepted by foreign governments as proof that their bearers are Canadian citizens.

The passport contains the formal request to all concerned to "allow the bearer to pass freely, without let or hindrance, and to afford the bearer such assistance and protection as may be necessary".

There is sometimes some misapprehension that passports are somehow more than this. They are not, for instance, permits to enter foreign countries. They do not afford any special protection or immunity from foreign laws and regulations. Nor are they certificates of good conduct.

If a Canadian passport is usually highly regarded by foreign immigration and travel authorities, it is because Canada and Canadians, on the whole, enjoy a good reputation abroad, through the policies and attitudes we have adopted in our external dealings and through the understanding of Canadians generally of the obligations of a visitor in a foreign country. Parenthetically, I might add that the high reputation of Canadians is one reason why extraordinary efforts have sometimes been made to forge our passports. Because a Canadian passport is so keenly sought after it should be carefully protected and highly valued.

**Asylum** The complex question of asylum has come to public attention in recent months with the 55 Chileans and others who sought shelter in the Canadian Embassy in Santiago last autumn.

Canadian policy on this question is based on the definition of different kinds of asylum:

- 1) Territorial asylum;
- 2) diplomatic asylum; and
- 3) temporary safe haven.

All of these involve different legal considerations.

Territorial asylum is the term used to describe the form of asylum which a country may be obliged to provide to persons seeking either to enter it by crossing its frontiers or to remain in it, in accordance with the provisions of the 1951 Refugees Convention and 1967 Protocol, to which Canada is a party.

Territorial asylum for refugees is applicable to cases in which the persons concerned have well-grounded fears of persecution in their countries of origin; a prerequisite to acquisition of that status is that the applicant must be physically present outside the alleged country of persecution. Problems relating to the provision of territorial asylum are the only ones to which the word "refugee" really applies and they should, therefore, by definition ordinarily not be of direct concern to our posts. Instead, they are matters for the immigration authorities at Canadian border entry points.

Diplomatic asylum is the term used to describe the process whereby an embassy provides shelter, which can turn out to be protracted in time, to persons seeking refuge on its premises in a foreign country in order to avoid the jurisdiction of the local authorities.

Diplomatic asylum, as distinct from territorial asylum, has been defined as involving a derogation from the sovereignty of the state in whose territory the embassy is situated. It withdraws the offender from the jurisdiction of the territorial state and constitutes an intervention in matters which are exclusively within the competence of that state. This conception is essentially a Latin American one. Canada does not recognize a general right of persons to such diplomatic asylum and does not participate in this practice, even in Latin America.

Diplomatic asylum is not a generally-recognized conception. Therefore, a state whose embassy may shelter a political refugee may simply risk the rupture of relations and the seizure of the persons seeking asylum.

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To digress a little, the "sit-in" may seem to be a recent innovation, but in fact there are records of a custom in Iran, or Persia as it was called at the time, known as bast, which existed until fairly recently. Taking bast meant taking shelter in a foreign mission as a means of asserting grievances. It was based on the principles of hospitality in that country, which precluded denial of bast, whatever inconvenience might be caused. On one occasion in 1906, no fewer than 14,000 merchants and others took bast at the British Legation in Tehran and remained there for over a week, as a way of asserting their demands for constitutional reforms. I can only conclude that the British Legation must have been considerably larger than anything the Treasury Board has approved for a Canadian mission abroad.

I come now to the third category of asylum, which is the most relevant to Canadian concerns: Temporary safe haven.

This term is used to describe a special and restricted category of diplomatic asylum. Under this highly exceptional process, an embassy provides a purely temporary refuge to persons on extreme humanitarian grounds, as in cases where they face a serious and imminent risk of violence against which the local authorities are unable to offer protection or which the authorities themselves incite or tolerate.

This is the only form of diplomatic asylum now generally recognized by international law. Even so, there is uncertainty as to the precise scope of the "extreme humanitarian grounds" which may justify the granting of this kind of asylum.

Of course, temporary safe haven should never be granted to an ordinary criminal attempting to escape from the normal processes of the law.

The head of mission is not under any duty to grant asylum or temporary refuge and all kinds of considerations may affect his decision. For example, the circumstances may seem sufficiently compelling to the head of post to receive an applicant into the diplomatic premises but not actually to grant asylum before he can report to Ottawa. In that case, if the Canadian Government declines to grant asylum the head of post may, if necessary, give permission to the local police authorities to enter the premises to remove the individual.

This so-called right of asylum or temporary refuge is, in fact, only a "right" of the representing state, through its head of



post, to make such an offer. There is no right of the individual to be granted asylum or temporary refuge. Because of the ill-defined nature of this exception to the general rule, it has in practice tended to be closely circumscribed.

In the case of the 55 persons granted temporary safe haven in the Canadian Embassy in Santiago, it was the forbearance of the Chilean authorities, for whatever reason, and the subsequent granting of safe-conducts, which brought about a successful outcome. It was because our Embassy had lines of communication with the new Chilean authorities that the necessary arrangements for the departure of these persons were possible.

I might conclude my brief survey of these complex and difficult questions with the following thoughts: The exposure to Canadian public opinion of representatives of a country practicing policies against human dignity and freedom of conscience can, over a period of time, have an important effect on those policies. If these foreign missions were closed, then this important channel of opinion would be closed. This process may be a slow one, but then much change, involving the evolution of ideas, is slow. The saying goes that Rome was not built in a day. Nor was democracy in a country ever destroyed in a day. The spark remains, perhaps not always readily visible, but it is not extinguished. I believe that exposure to ideas is the surest way to bring about a change in attitudes.

Contacts between nations serve more purposes than the rupture of these contacts. Our influence is greater on others not in a void but where a dialogue exists.

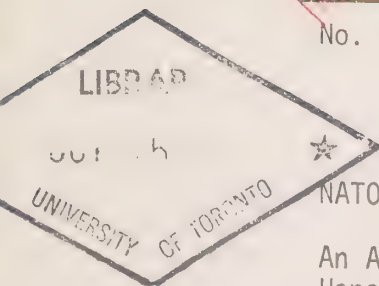
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# Statements and Speeches

No. 74/9



## NATO'S TWENTY-FIFTH ANNIVERSARY, A YEAR OF REVITALIZATION

An Address by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Atlantic Treaty Association, Ottawa, September 9, 1974.

I am particularly pleased that the Atlantic Treaty Association accepted the invitation of the Atlantic Council of Canada to meet in Ottawa in this the twenty-fifth anniversary year of the Alliance itself. I appreciate the opportunity this has given me, after having only recently been named Secretary of State for External Affairs, to comment on the Atlantic Alliance, which provides a framework for co-operation between Canada, Europe and the United States in the common security of our territories. As I am sure you are all aware, but three months ago the foreign ministers of the NATO nations met here in Ottawa and issued a document attesting to the continuing worth and vigour of the Alliance -- I am speaking, of course, of the "Ottawa Declaration". The signing of this singularly important document demonstrated the truly dynamic nature of our Alliance.

Looking back over the past 25 years, I am struck by the way in which NATO has maintained our common security through varied and changing circumstances. Despite the awesome technological developments in weapons of destruction, and especially nuclear weapons, and despite numerous challenges to our political ways of life, NATO has made and continues to make a fundamental contribution to the security of its members. With this increased stability came a period of relative peace and economic prosperity on both sides of the Atlantic. This is the tangible achievement of NATO's collective approach to security.

Twenty-five years ago the North Atlantic Treaty was signed in Washington, giving birth to the Atlantic Alliance -- a unique association of 15 countries designed primarily to ensure the preservation of peace and the security of its members through a collective approach to defence. Faced with a threat to their security while Europe was still recovering from the ravages of the Second World War, the Western countries resolved to group themselves into an alliance that would give substance to a collective resolve to resist aggression. But can any truly viable alliance among such diverse nations as ours be forged from the mere will to resist aggression? It is doubtful to me, as I am sure it is to all of you, that a mere grouping of tanks, planes



and men could survive the changes that have taken place over the past 25 years without some common thread, some intricate link binding its members. Across the street from where we are gathered now is a building that symbolizes to all Canadians the true nature of our democratic process. I think it particularly appropriate that, when the foreign ministers of the NATO allies gathered recently in Ottawa, they were welcomed by my Prime Minister in that building. If there is an ingredient, a common link, a uniting thread that is prized by each of the members of our community of nations, it is the structure of freedom that such buildings symbolize: liberty of the individual, an understanding of our diversities and a belief in the necessity of the preservation of peace. If the vitality of this community is to be maintained, it will be because our organization, in spite of some failings, has succeeded in reflecting, in its policies and in its actions, the desires and aspirations of all men to reach a common understanding through use of words and not arms, through co-operation and not confrontation.

The tangible expression of these ideals is manifest not only in the forces we maintain for collective defence and security. Canadians have always attached importance to the North Atlantic Council as a forum for systematic consultation amongst close friends on a wide variety of questions of mutual interest. The exchange of views with 14 of our closest friends has, I am sure, been of benefit to us all. Eighteen years ago a report on non-military co-operation in NATO was produced by three distinguished statesmen, including the late Prime Minister of Canada, Lester B. Pearson. This report, which has come to be known as that of the "Three Wise Men", is indicative of a sensitivity to these broader dimensions of the Alliance that is more evident today than at any other time in our history. There is reason for satisfaction that this report provided, perhaps, the basic impetus that has guided us along the path of *détente*.

In our view, co-operation in NATO can extend, and has in fact extended, beyond the security and political fields with which the Alliance is principally identified. This was amply demonstrated in Ottawa last year during the plenary meeting held here of NATO's Committee on the Challenges of Modern Society, and it will be demonstrated again in a few weeks time when the NATO Science Committee meets in this very chamber. In matters of science, technology and the environment, the Alliance has provided opportunities for an exchange of knowledge and expertise that has proved beneficial to all mankind.

Thus one distinct feature of our Alliance is that it is not simply a group of nations forced together by outward circumstances or by geography. We are neighbours who find cohesion in our common ideals. We can work in harmony because of our dedication to democratic principles. And so, in speaking of this twenty-fifth anniversary year as being the year of the revitalization of the Atlantic Alliance, we should bear in mind the evolution of the activities of our Alliance and its contribution over the past 25 years to improved conditions for all mankind. For, if we were to examine the activities of our 15 nations since 1949, it would become evident that the principles that guided our nations 25 years ago have continued in force throughout this period and remain relevant today.

This Atlantic Alliance was created by men possessed of wisdom and tenacity. Their concern a quarter of a century ago was the protection of our way of life from a common external threat. Today our civilization faces numerous challenges, some of them unforeseen then by even the most farsighted. It has been our willingness as partners in NATO to face up to these issues of change that has proved the strength of the Alliance. We consider that NATO continues to be a most useful international forum for exchanging and discussing the views of its various members, not only through its structured organs but, as well, through its adjunct bodies such as the Atlantic Treaty Association. This Association and the Atlantic Council of Canada enables parliamentarians and academics to involve themselves in foreign affairs and to expand and communicate their knowledge to others by discussing the vital issues of the day with their counterparts from other NATO countries.

As a representative of a Government committed to the principles and policies of the Atlantic Alliance, I hope that the exchange of views that takes place here this week will confirm the solidarity of the Alliance -- not for the sake of solidarity alone but as a result of a fundamental evaluation of why NATO exists and how we, collectively and individually, benefit from it. While an open examination runs the risk of disenchantment, it is my view that a continuing examination of the basic principles that constitute the underlying strength of the Alliance can only benefit its members.

The Alliance will remain strong as long as it enjoys wide public support in all its member nations. You have an essential role to play in explaining Alliance actions and policies to the people of your countries so that their support can be based on a proper understanding of what the Alliance is all about. In the end,

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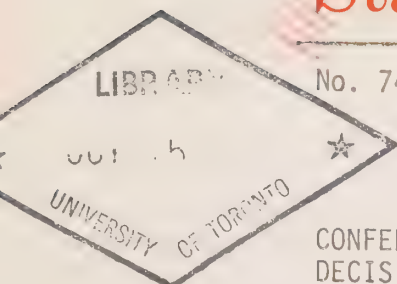
public support depends on public acceptance of the Alliance as a body to which each member nation should belong. This acceptance is threatened if it appears to others that a member nation is taking action in its own interest at the expense of others.

In a publication of my Department that will be released in a few months, I have included a section on Canada and the North Atlantic Treaty Organization. I should like to quote for you the last sentence of that particular section. It reads: "The Alliance allows, and obliges, Canada to take an active role in European affairs and enunciates the interdependency of Europe and the North American continent". This is one of the realities of which I have just spoken. It is, therefore, more important than ever that we learn to understand one another. The nature of our relations may have changed and evolved, but the interests, the dedication to common objectives and principles, that served as the basis for our Alliance 25 years ago still exist today and form one basis of our understanding. So, if we speak of this year as being one of the revitalization of the Alliance -- yes, I agree. Perhaps the Ottawa Declaration has caused us to focus more clearly on these principles because we have rededicated ourselves to them. But I maintain -- and I hope that you will agree -- that the Atlantic Alliance has constantly observed, and, I know, will ever continue to dedicate itself to those principles that underly its basic viability.

S/C



# Statements and Speeches



No. 74/10

## CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE AT A DECISIVE STAGE

A Statement by the Secretary of State for External Affairs,  
the Honourable Allan J. MacEachen, at the Banff '74 International  
Conference on Slavic Studies, September 6, 1974.

It is a pleasure to have the opportunity to address this distinguished academic gathering so soon after taking up my new functions as Secretary of State for External Affairs. In fact, this is my first public speech in that capacity, and I think it is a particularly appropriate occasion, because your concerns and mine are to a significant degree both related and complementary. Related, because it is clear to any student of international affairs that the activities and aspirations of the 370 million people who live in the U.S.S.R. and Eastern Europe are bound to be of crucial importance to the wider questions of world peace and stability that must be of concern to all governments. Complementary, because, while you are for the most part engaged in the academic and private sectors and I in the public sector, we are both contributing in our different ways to the broader contacts and deeper mutual understanding that are essential ingredients of better East-West relations.

Canada has long been in the forefront of Western countries that have sought improvement of those relations through the process we call *détente* -- the reduction of tensions and the promotion of co-operation on the basis of mutual confidence and reciprocal benefit. We have long realized that a balanced military stand-off would not be a sufficient basis for lasting security. We, therefore, together with our allies in NATO, began to look for security through better relations between governments. It is significant, I think, that a particularly Canadian approach to alliance -- one which Mr. Pearson had for many years advocated -- was vindicated by this process. For NATO, in the course of the Sixties, began to evolve into what he had wanted for so long -- a truly consultative organization where the great issues of peace could be discussed and the way prepared for a relaxation of tension in that most tense of continents, Europe. This approach did not, of course, mean the abandonment of the physical means of security for the sake of a still hypothetical *détente*. One cannot hope -- or even wish -- to turn policy over as though it were a pancake. But change is in the nature of things -- the world will

not stand still, given man's thirst for learning and his talent for technology. If we in the West have learned anything in these recent eventful years, it is that change is bad only if it occurs through violent convulsions and that the essential thing is to see that it is accomplished in a peaceful, progressive, orderly, step-by-step way.

At about the same time, the leadership in Eastern Europe, presented with the same facts, appeared to be coming to some of the same conclusions. There thus began the slow, sometimes awkward, crab-like approach towards a new relationship, which is commonly called "*détente*" in the West and "peaceful coexistence" in Communist terminology. There are still many in East and West who look back at the relative stability of the last quarter-century, and conclude that two armed and guarded camps are the most essential element of safety. But I believe that realistic people looking ahead into the last quarter of this century know that some modification in this approach will be necessary.

What sort of modification? That is the big question-mark that hangs over the *détente* process at this important stage of East-West relations. From the point of view of Canadians (and not only Canadians, I believe), it will not be good enough if the answer is the mere replacement of opposing armed camps of steel with closed camps of the mind. While there may be a stability of sorts through mutual deterrence, there can be little prospect of peaceful change and development in a mutually-antagonistic political and intellectual life. Some call for peaceful coexistence of systems and governments -- and that is certainly part of what we are all looking for. But coexistence without an element of change -- without the ability to adjust to our rapidly-developing world and its new challenges -- will bring a rigidity and even a brittleness that cannot help but endanger both sides. As my predecessor said in his address at Helsinki:

"There must be a broader and more dynamic concept of coexistence of people as well as states, of ideas and way of life as well as of regimes and systems. How, otherwise, can they enrich one another and promote the ideals of mankind? Otherwise we shall have only uneasy existence in which real *détente* -- lasting and rewarding for all -- will be impossible."

This, then, is the outlook with which we have approached the negotiating process that has now reached a decisive stage at the

Conference on Security and Co-operation in Europe taking place in Geneva. What our representatives there are trying to do is to negotiate a realistic, workable compromise between the two approaches to relations between governments and between people -- to find common elements and to leave open as many possibilities as can be for future improvements in these relations.

This is not to say that peaceful relations between states, so insistently advocated by the Eastern European countries, are not important. They are indeed, and, if declarations of principle will help to ensure political stability in the international sphere, we shall gladly continue to co-operate in their enunciation -- particularly since they will convince many of the safety of planning on the basis of a generally peaceful and settled political environment. But the decalogue of Helsinki must not be engraved on tablets of stone at Geneva. The element of dynamism, the possibility of progressive change, must be implicit even in inter-state relations. Perhaps for this reason more than any other, we have insisted that the CSCE is not a peace conference -- a new Versailles that would harden inequities and prolong the bitterness that come from the division and alienation of peoples.

When Canada spoke of dynamic coexistence at Helsinki, we had in mind something far broader -- something that would influence significantly the shape of developments in Europe and North America over the coming years. At the same time let me make it as clear as I can -- this process of confidence-building and adaptation is not intended as a threat to anyone. Our wish is to exchange distrust and hostility for tolerance and confidence, not simply to create an arena for the elimination of one system by another. The CSCE, and whatever follows, must have a more positive objective -- the mutual acceptance and accommodation of systems -- or it will be a failure.

For Canadians and others who live in "open societies", the role and influence of people, of individuals, are an integral part of the dynamism of international relations. Foreign policy, to be relevant and meaningful, must enjoy public understanding and support. For us, therefore, it is important to consider relations between people as well as relations between states or political systems. If we are to improve relations between East and West, and this is the fundamental purpose of the CSCE, then it is essential to ensure that there are improvements in those areas that affect the peoples of our countries directly. The exchange of views, ideas and experiences to which your conference is devoted is, of course, a part of this essential process in East-West



relations. In CSCE terminology, you are engaged in the improvement of human contacts, of information and of access to culture -- the essence of the so-called "Basket Three".

Progress in Basket Three is not something that can be achieved by the stroke of a pen at a single spectacular meeting of high state dignitaries, or by putting basic issues off indefinitely into the future. It can be accomplished only by small steps -- by the progressive reduction of the barriers to the movement of people, ideas and culture. At Geneva we must start not by abandoning the discussion of key problems (as some have suggested) but by opening doors and indicating the directions in which we should go after we pass through them. The general principles of freer movement of persons, ideas, culture and trade, which were accepted at Helsinki, should now be firmly established, and some means chosen -- the more obviously needed ones -- to begin the process of practical implementation. The Canadian delegation at Geneva, in company with our friends, has emphasized some aspects of human contacts that will have the most obvious effect -- both psychologically and in a humanitarian sense. The first steps in human contacts can be accomplished by removing the irritants of divided families, spouses and engaged couples, and by improving and increasing the possibility of visits by individuals and groups between East and West.

Greater access to the publications of both Eastern and Western Europe, coupled with a freer access to each other's culture, are also obvious first steps in creating the basis for the degree of confidence that must permeate all levels of relations if we are to achieve stability in the future. Confidence and stability must indeed be the watchwords in an increasingly interdependent world.

One of the major problems that we have encountered at the CSCE is the insistence of certain participants on the sanctity of "laws, customs and regulations". This is another way of saying that national laws and systems should prevail whenever they come into conflict with international laws and obligations. I suggest there is another, more enlightened, approach. Each state has, of course, the sovereign right to decide what it will accept by way of international obligations, but once it has done so I believe it is under a moral compunction to see that these obligations are fulfilled. This is surely the only realistic basis for international co-operation. In other words, if a national law or practice conflicts with an undertaking given at the CSCE, there will have to be an understanding among participants that something

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will be done about it. Just as with a trade agreement, if tariff or tax laws do not permit the fulfilment of an undertaking, they are changed; this is an accepted international practice.

Thus, when one asks why CSCE is taking so long, why there are so many difficulties, why participants are so meticulous, so "bureaucratic", this is the main reason. The kinds of understanding we need for *détente* were perhaps not fully perceived by some at the outset, when many thought we were beginning an elaborate public-relations exercise with little content. *Détente* will not be achieved so easily. The CSCE, if it is to succeed, has much more fundamental objectives. For each country, there are a few issues that, in its view, should be addressed in the form of principles or of practical provisions if *détente* is to be a reality. I have mentioned some of our own ideas. None of this will make for an easy passage, or a facile move to the third and final stage, or to some kind of follow-up procedures. We warned our friends a year ago that we foresaw a long conference; I can tell them again now that, for the same reasons, a long, hard pull still lies ahead if we are to achieve balanced and substantial results of practical and lasting value.

As far as Canada is concerned, we are prepared to be as patient, as constructive and as flexible as necessary to achieve such results. But they must be balanced as well as substantial, and that will require a further effort by all the participants. If in the end it has to be admitted that the results achieved are not both balanced and substantial, then so be it. Better to be realistic enough to acknowledge the facts than to indulge in pretence or wishful thinking. On the whole, however, and in spite of the painful slowness of the negotiations, I find more ground for optimism than for pessimism. There is reason to think that attitudes are slowly changing -- not, as some think, because some participants are willing to held out longer than others but because all involved may be coming to realize what will be possible at this time and what doors must be opened for future progress.

Thus we approach the reopening of the Geneva meetings next week with modest confidence and measured hope. We know that time and patience are needed, as one would expect in complex negotiations such as these, and that the decisions called for from governments are difficult ones. But, as long as governments are prepared to face up to decisions like these -- the decisions involved in more co-operative relations between states and more open relations between people --, they are less likely to be considering the expansion of military potential. Conversely, if the participating

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governments find it impossible to take such decisions at this time. let no one underestimate the significance not only for the CSCE but also for relations between states with different political and economic systems. For my part, I think there is a considerable desire not only to come to a positive conclusion at the CSCE but to go on to ensure that what is accomplished on paper there will be put into practice. If that all-important step can be taken, there will be real reason for confidence in the development of East-West relations in the years to come.

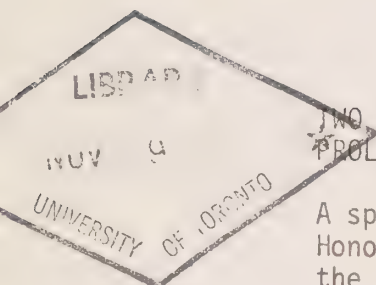
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# Statements and Speeches

No. 74/11



## TWO URGENT UN PROBLEMS: PEACE-KEEPING AND THE CONTROL OF NUCLEAR PROLIFERATION

A speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at the Twenty-ninth Session of the United Nations General Assembly, New York, September 25, 1974.

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The presence among us for the first time of the delegations from the People's Republic of Bangladesh, Grenada and the Republic of Guinea-Bissau, following the accession of these three states to membership, is evidence of the continued march of this world organization toward universality. Canada was a co-sponsor of each of the three resolutions supporting their membership and we are confident that each of these countries will make a distinctive contribution to our work at this session and in the future.

We have been deeply moved by the tragic aftermath of the hurricane which has devastated Honduras and surrounding regions. We have heard this morning from the Foreign Minister an appeal for international assistance. In this connection Canada has decided this morning to allocate \$525,000 for emergency relief efforts in areas affected by this natural disaster.

Some of the major political problems that faced the United Nations during its early years have now receded, and no longer figure so prominently in its deliberations. In particular, the cold war is giving way to growing co-operation and *détente*.

The last two decades have witnessed the resolute progress of peoples under colonial rule towards self-determination and independence. The past few months have seen particularly encouraging developments in the African territories that have been, or remain, under Portuguese administration. Guinea-Bissau has now attained its independence and negotiations to this end are under way with regard to Mozambique and Angola. It is a matter of satisfaction to all supporters of the United Nations that Portugal has agreed to work with the appropriate UN bodies in the process of decolonization. We in Canada welcome these developments, and offer our encouragement to the Portuguese and African peoples concerned in their search for early equitable and peaceful solutions to remaining problems.

Elsewhere, some fragile yet hopeful progress has been made in the past year towards settling certain of the regional conflicts that still exist. Lest we be lulled into an unrealistic sense of security, however, the recent events in Cyprus serve to remind us how quickly a slowly-simmering dispute can degenerate into a serious threat to international peace and security.

If we have in the past months been reminded of the fragility of international peace and security, we have also come to realize the fragility of international monetary and trade relations.

Accelerating rates of inflation and declining rates of growth, high interest-rates and low stock prices -- together with a widespread sense of unease -- mark the problems facing the international economy. There is no doubt that the higher energy costs will require much more financing and in time massive adjustments on the part of those countries, both developed and developing, whose payments positions have been most severely affected.

No people or government can, of itself, deal with the problems of inflation and unemployment, of trade imbalances and currency fluctuations. None will be immune if short-sighted and selfish policies lead to graver repercussions. These are not simply technical problems -- questions of currency flows, trade barriers, and exchange-rates. They are matters of human dignity. Unemployment, malnutrition, starvation, and lack of shelter are an affront to all of us. We ignore them at the risk of our own welfare and security.

A renewal and strengthening of international co-operation is an urgent requirement if we are to sustain social progress and economic development. We all have a responsibility to contribute to such co-operation. Those countries that command massive financial resources have, however, a special responsibility for seeing that such resources are invested in a helpful and constructive manner -- that their use strengthens, rather than disturbs, the health of the world economy.

At the present time, there is no more urgent development issue than the vigour of the world economy. When production and demand falter, all of us -- whether developed or developing -- suffer. Difficulties in the developed countries translate into distress in developing countries and something akin to disaster in the most seriously affected.

If there are grounds for apprehension there are also signs of hope:

- some important steps have been taken in the International Monetary Fund toward a systematic and progressive re-ordering of the monetary system;
- the onset of a major trade negotiation appears to be drawing nearer;
- a number of industrialized countries have pledged themselves to exert their best effort to avoid trade restrictive measures in response to balance-of-payment difficulties.

But much more needs to be done. Development assistance should be maintained and where possible increased. The responsible international institutions should be strongly supported. The habit of consultation should be strengthened.

These considerations will influence Canada's thinking at this United Nations session, as at other international meetings. There are two such meetings to which I wish to draw special attention. This autumn governments will meet at the World Food Conference to adopt a program aimed at securing a sufficiency of food for all. Next year they will meet here in New York at the seventh special session on development. The Canadian Government attaches great importance to the work of these conferences. We shall exert our very best efforts to ensure their success.

...In seeking solutions to our political and economic problems we cannot forget that we face another pressing task -- to ensure that human beings are alive to enjoy the improved circumstances we are seeking for them.

Our security is threatened more than ever today by developments in nuclear and conventional warfare.

One of the most urgent problems of our times is how to bring the nuclear arms race under control in order to ensure international stability and the avoidance of nuclear war. The nuclear powers have the direct responsibility for overcoming this grave problem. At the same time that we face the immediate dangers of existing nuclear arsenals, we are confronted -- as the Secretary-General has warned -- with a heightened risk of the wider dissemination of such arsenals. Here all states have a responsibility. Canada takes seriously its share of that responsibility.



Specifically, the problem we face is to devise a system that will allow the dissemination of the benefits of nuclear energy without at the same time contributing to the spread of nuclear weapons. The international community has attempted to devise a system to cope with this problem. Canada has been very active in this endeavour. But the system could be strengthened further.

We have developed a valuable system of nuclear-power generation and we believe that nuclear power should not be withheld from those whose energy needs can best be met by this method. We are deeply committed to the cause of international development but equally we are anxious to avoid contributing to the proliferation of nuclear weapons.

In addition to our requirements, and subject to security and resource limitations, we want to make our nuclear-power generating system available to other countries. However, until more adequate internationally agreed measures are instituted, Canada intends to satisfy itself that any country using Canadian supplied nuclear technology or material will be subject to binding obligations that the technology or material will not be used in the fabrication of nuclear explosive devices for whatever purpose. To this end Canada attaches special importance to the role of nuclear safeguards applied by the International Atomic Energy Agency.

The need for truly effective anti-proliferation measures fully accepted and applied by the international community is pressing. The nuclear technology involved is no longer beyond the reach of a growing number of countries. The costs of developing a nuclear explosive device are no longer prohibitive. The principal problem is to obtain the necessary materials. Every day more and more of these materials are being developed throughout the world and the problem of controlling their movement, as well as their use, is becoming proportionately greater.

The phenomenon of proliferation is, in political terms, something like a nuclear chain-reaction. With the successful explosion of a nuclear device by each newcomer to the ranks of the nuclear powers, the greater grows the desire of other countries "to go nuclear". In a world without truly effective safeguards they feel their national existence threatened. If each new nuclear-weapon state prompted its neighbour to follow its example, all concerned would find their security quickly undermined.

We believe that it is the very existence of nuclear explosive devices that presents the hazard to humanity, and it increases in proportion to the number of countries possessing them. One need

make no distinctions in terms of what countries possess such devices. The danger lies as much in the number of countries that have them as in the policies of the possessors.

If we are to avoid a nuclear catastrophe we must accept that there are practical limits to the application of the principle of non-discrimination. My Government urges the international community to accept the obligation not to contribute to the uncontrolled spread of nuclear explosive capability, and the safeguards required to ensure compliance with that obligation.

Our aim is to seek broadly international measures that will halt both the multiplication and the wider dissemination of nuclear weapons, and that will check the spread of the technology of nuclear explosive devices and the further development of that technology as applied to nuclear weapons. The Non-Proliferation Treaty, the efforts to limit strategic arms, and the achievement of a comprehensive test ban are designed to serve these objectives. As for the halting of the proliferation of nuclear weapons, all states should undertake not to transfer nuclear technology or materials except under international supervision aimed at ensuring that the transfer is not used for fabricating nuclear explosive devices. In addition, all states should place their inventories of nuclear fissile material they hold for peaceful purposes under international supervision. Nuclear-weapon states should, as a first step towards this objective, place their peaceful nuclear facilities under this supervision and seek to halt their production of fissile material for weapons purposes. International supervision of fissile material is the best available means for the international community to be assured of each state's peaceful intentions. This would allow states to concentrate on the development and distribution of much-needed nuclear energy for peaceful purposes.

The nuclear threat to our security may be dramatic and awe-inspiring, but we cannot neglect the more prosaic but lethal threat from the use of conventional force.

One of the few useful tools we have developed so far to deal with this problem is peacekeeping by a United Nations sponsored force. Canada has responded positively to United Nations requests and has been engaged in virtually all the United Nations peacekeeping operations to date. This has not been without cost in lives of Canadians and of those from the forces of the other participating countries.

Our interest is therefore obvious. There is no doubt in my mind that an overwhelming majority of Canadians continue to accept the

importance and the usefulness of a United Nations peacekeeping role. But I should be less than candid if I did not admit that Canadians are today less inclined to accept in an unquestioning way the burdens of participation. Their concern springs mainly from the fact that peacekeeping endeavours often seem to do no more than perpetuate an uneasy status quo.

If United Nations peacekeeping activity is to be fully effective, it must be accompanied by a parallel effort on the political level, especially by the parties most directly concerned, to convert the temporary peace that a peacekeeping force is asked to maintain into something more durable. If this is not done, and if those who contribute to peacekeeping roles are faced with indefinite prolongation of their hazardous tasks, I am afraid governments will be less willing to respond to future requests for troops.

The past year has seen two new peacekeeping operations established in the Middle East and the force in Cyprus reinforced. These developments were important in themselves but they are also capable of teaching us lessons for the future. From the Canadian standpoint the operations in the Middle East are working effectively and are making an essential contribution to the maintenance of the ceasefire and disengagement agreements. But equally important, new principles have been established in the process. Participants have been drawn from a broader base than in the past, and a sounder financial foundation for the operations has been laid through a general assessment of the United Nations membership. These innovations have contributed to effective peace-keeping in the Middle East for the present, and will enhance the prospect of more effective peacekeeping in the future.

There are fewer grounds for satisfaction in the case of Cyprus. There, despite the presence of United Nations' peacekeeping forces, fighting has taken place on an unprecedented scale because the long-smouldering political problem remained unresolved. Moreover, it has been demonstrated once again in Cyprus that, without the agreement and co-operation of the disputants, the constructive role of a peacekeeping force is severely circumscribed.

If the usefulness of the United Nations in peace-keeping is to be maintained and expanded, new principles and techniques to strengthen it must be found. The machinery is at hand under the Charter to ensure an effective United Nations response to future peacekeeping needs. The advantages of agreement in advance on how United Nations peace-keeping should be directed and controlled are obvious. The experience of the United Nations Emergency Force could point the way to such agreement or guidelines for peacekeeping.



operations under the general authority of the Security Council, with a system of shared responsibilities among the Security Council, the Secretary-General, the troop contributors and the parties directly concerned in the field. This organization can scarcely afford to neglect any instrument which might have a contribution to make in helping to defuse situations of armed conflict. It is the hope of my Government that member states will continue to give this problem the attention it deserves.

...I have touched upon a few of the pressing political and economic problems that demand the attention of this Assembly. But I have dwelt upon two major problems of security -- peace-keeping and the proliferation of nuclear explosive devices. As the Secretary-General has pointed out the proliferation of nuclear explosive devices could help to "create almost unimaginable dangers for the survival of our civilization and the human race". I do not, therefore, apologize for my preoccupation with these problems.

Mr. President, I would not wish to conclude my remarks without paying tribute to the work of the Secretary-General and his staff at headquarters and throughout the world in carrying forward the wide spectrum of tasks that challenge our organization. In the introduction to the Secretary-General's report he said the following: "We are reminded every day of how thin the margin is between order and chaos, between sufficiency and desperate want, between peace and annihilation. If we wish to overcome the vast anxieties and uncertainties of our time, we have to make a conscious and concerted effort to change course and to make some of our stated objectives into realities."

At this twenty-ninth session, the Canadian delegation pledges itself to work with all other delegations to move towards our common goals.

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# Statements and Speeches

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No. 74/12

## CANADA AND THE EUROPEAN ECONOMIC COMMUNITY

A report to the House of Commons on October 28, 1974, by the Prime Minister, the Right Honourable Pierre Elliott Trudeau.

I wish to take this opportunity to report to the House on my trip last week to Western Europe. In doing so, I am very pleased to be able to say that, in both Paris and Brussels, I found evidence of considerable warmth towards Canada, considerable interest in Canadian attitudes, and considerable desire to seek a convergence of interests. I can assure this House that in those places and within the international organizations sited there, the reputation of Canada is high. I can assure the House equally that there exists within the Governments of France, Belgium and Luxembourg a genuine and wholesome appreciation of the reality of Canada.

It goes without saying that the discussions in Paris with President Giscard d'Estaing and with Prime Minister Chirac and other ministers took place against a background of deep historical bonds and a shared culture of considerable richness. Of equal importance, however, they took place in an environment that acknowledged the distinctiveness of the Canadian entity and the modernity of Canadian accomplishments. There was evident in those meetings a will to deal practically with issues -- a desire to co-operate rather than compete, to participate rather than withdraw, to consult rather than assume.

We agreed while in Paris to launch two bilateral working groups, each with an objective of identifying areas of fruitful co-operation, in order to increase and diversify our volume of trade. Each is to conclude its work in time to report to the Canada-France Joint Economic Committee at its next meeting, to be held in Ottawa in the first half of next year. One working group will concentrate on examining, without advance commitment, technological and trade-investment possibilities with respect to petroleum, gas, coal and nuclear fuels, taking into account matters of interest to both sides. The other group will examine the rather broader area of trade potential in industrial sectors and, in the first instance, would concentrate on the transportation industry, dealing with French interests in railways and in helicopters and with Canadian interests in STOL aircraft and in all-terrain vehicles.

An indication of the importance attached to these decisions was the agreement that the next Joint Economic Committee meeting take place



-- for the first time -- at the ministerial level.

Finally, it was recognized that the ultimate success of the work to be undertaken rested largely with private enterprise and that special efforts should be made to bring together French and Canadian businessmen in the coming months. In this connection, I have asked the Minister of Industry, Trade and Commerce to lead an official trade mission of Canadian businessmen to France in 1975.

In Brussels, where I profited from formal discussions with Prime Minister Tindemans and his Cabinet colleagues, as well as with Prime Minister Thorn of Luxembourg, the same intensity of purpose was manifest -- to build on the warm relations now existing with Canada, to intensify the contacts and exchanges now pursued, to support Canadian initiatives with the European Community, to co-operate in multilateral sectors.

In Brussels, too, as in Paris earlier in the week, there was broad agreement, not simply on the identification of the major issues of global proportions but also on the postures that must be adopted with respect to them. We discussed, and agreed, that the dangers of nuclear proliferation demanded the design and implementation of more thorough and effective safeguards. We also agreed that the critical elements of the present state of the world economy -- inflation, slow growth, balance-of-payments deficits, recycling, trade negotiations -- demanded liberal and statesmanlike attitudes as distinct from cautious and protectionist ones. In this latter respect, the Minister of Finance and I have now sought and received the views and understanding of no fewer than eight prime ministers and presidents in the last six weeks. We shall continue our efforts in weeks to come.

Western Europe is, of course, much more than the geographical location of several nation states. It is, as well, the site of a number of international organizations: in Paris, UNESCO and the OECD; in Brussels, NATO; and others elsewhere. It is something else still; it is an evolving conception, a process, an idea to which dedicated men, in spite of formidable obstacles, are bending their efforts through the growing and ever-maturing European Community. This Europe is not the sum of the national parts; it exists of them and for them, yet it exists in addition to them. It is not enough, Jean Monnet was fond of saying, to add together the several sovereignties; men had to create the new Europe. They are now engaged slowly, sometimes painfully, in that creative process. This Europe, this entity of the future, is organic in nature. As yet, its potential size and strength and attitudes can

only be conjectured. But one fails at one's peril to recognize the sense of destiny which fuels this evolution.

Our Government recognizes that emerging fact and we applaud it. We applauded last week in Brussels, just as we applauded two years ago on the occasion of the entry into the Community of Britain, Ireland and Denmark. And these expressions of understanding have coloured the way in which our current approach to the European Community has been received. That initiative is no less and no more than to seek ways of engaging the Community in a dynamic, co-operative enterprise.

We wish to add a new, yet parallel dimension to the expanding links we are already building with our partners among the nine member states -- a relationship that will grow as the Community itself moves from infancy through adolescence to full maturity, a relationship in which Canada's interests and its singular identity are recognized and reflected in decisions taken, a relationship in which consultation and reciprocal advice are accepted, a relationship of mutual respect, of give and take.

There is a degree of novelty to this exercise. The Community, understandably, is as yet far from certain of the shape it will assume, the jurisdiction it will occupy, or the powers it will possess in years to come. Nor is it for Canada to say. This is a European exercise. Yet one thing is certain. It is that this new Europe -- which already accounts for 20 per cent of world trade -- will be an increasingly formidable actor on the world stage -- in commerce, in science, in economic and financial activity, in technology, and more. That being the case, it would be irresponsible for a Canadian Government not to seek a distinctive relationship with it. Without question, such an exercise could be conducted along more familiar channels were we to wait a few years, as most other countries have apparently chosen to do. But that would ignore the spirit of creativity that now permeates the Community and to which we seek to contribute. Comfort and familiarity are not our criteria; benefit to Canada is.

This desire, this technique, this goal, are shared by the European Commission. Our discussions with President Ortoli, with Vice-President Soames and with other Commissioners left no doubt about this. There was a significant meeting of minds both on the conception of this new relationship and on the initial steps to set the process in motion. It is bound to be a lengthy process, but we must begin. As a result of my talks in Brussels, it was agreed that a new process would be initiated involving concrete steps to strengthen the links between Canada and the European Community.

The parties agreed to begin exploratory talks in the near future on the nature and scope of negotiations intended to define the form and content of the relationship between them.

For this purpose, Canadian and Community officials have been instructed to schedule meetings without delay. In addition, the president of the Commission has agreed to visit Ottawa at an early date. I am also pleased that a full delegation office will be opened in Ottawa in 1975, of the same nature as those already operating in Washington and Tokyo.

I invite all Honourable Members to share in this process. Happily, an increased opportunity to do so will soon exist as a result of a further agreement reached last week. While in Paris, I was able to announce, with the approval of the French Government, that the Canadian Government would open a consulate general in Strasbourg. This office will permit a Canadian presence to be extended into an important region of France for the benefit of our commercial, cultural, information and immigration programs and for the extension of services to Canadian tourists and businessmen. It will also support an enhancement of present links between the Parliament of Canada and the Parliament of Europe, and with the Council of Europe. As Honourable Members are aware, the European Parliament is situated in Strasbourg, and is expected to perform an increasingly important role in the new European Community. I place great importance on such links and on the constructive contribution offered by Canadian Parliamentarians. Again and again, in Europe, I was told of the respect and the high reputation that delegations from this Parliament have earned through their hard work when abroad. It was my good fortune to be in Paris while one such delegation was present and note the great distinction with which it did its work.

I have already mentioned the presence in Paris and Brussels of several international bodies of considerable importance. I engaged in discussions with the principal officers of two of them -- Secretary-General Van Lennep of the Organization for Economic Co-operation and Development and Secretary-General Luns of the North Atlantic Treaty Organization -- and gained from them assessments of the international situation as viewed from their special perspectives, as well as generous acknowledgements of the important contribution made by Canada to each. This opportunity extended, in the case of NATO, to a full working session with the North Atlantic Council in Brussels. I was able there to explore with the permanent representatives of the member countries the conceptions enshrined in the Ottawa Declaration of Atlantic Principles and to provide assurance that Canadian commitment to those principles remained



unimpaired. I was able as well to express Canada's distress that two NATO allies should be engaged in a dispute with respect to Cyprus, and Canada's interest in seeing an early and peaceful resolution of the conflict on that island, a conflict which has taken two Canadian lives and endangered many others.

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# Statements and Speeches

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No. 74/13

## THE ELIMINATION OF MAN'S OLDEST SCOURGE AND MOST PERSISTENT ENEMY -- HUNGER

Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the World Food Conference, Rome, November 6, 1974.

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This conference is engaged on a mission to seek the elimination of hunger -- man's oldest scourge and most persistent enemy. Together with the Law of the Sea Conference in Caracas and the World Population Conference in Bucharest, it is part of a process of reassessment of man's global relationship to the resources that sustain him that may yield us a new consciousness of the global responsibilities carried by every nation and people. We in Canada will not shirk these responsibilities, and are willing to play our part in furthering those common endeavours that bear promise of helping to produce a lasting freedom from want for all mankind -- but the endeavours will remain barren if they are not truly common and truly sustained.

Hunger must today be tackled at every level -- at the family, village, province, country and region as well as the global level -- for no unit of society bears any graver responsibility than that of feeding its people. In our present world community we are everywhere faced with an agonizing awareness of starvation wherever it occurs; and finding means to harness production around the world to alleviate it poses a challenge to our ingenuity as well as to our compassion. We in Canada recognize that our farmers can grow more than they do at present. To that end, we have recently taken several policy initiatives that will ensure not only that producers will have more stable and satisfactory returns but that they will have a better transport and storage system to get their products to market. We believe that these initiatives will permit Canadian agriculture more nearly to reach its potential. We must, however, remember that, whatever food may move internationally, most men for the foreseeable future will inevitably remain dependent on the food produced near to their neighbourhood markets.

It is for this reason that Canada emphatically supports the development of increased food-production capacity by developing countries as the key to an anti-hunger strategy. Where opportunities for efficient food production exist, my Government stands ready to accord it a high priority in our assistance programs.

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Canada has always been responsive to requests for assistance in this area. We are now carefully re-examining the skills and resources that may exist in Canada suitable for assisting the development of new agricultural and fisheries capacity in developing countries to determine practical ways of making them readily available. We therefore intend to have a matching response for countries that set about energetically to mobilize their internal food-production resources and give a high development priority to efficient food production.

We know from experience that expanding food production on a secure basis is not easy. It demands adaptation of land and water, technology, research, finance, modernized storage and transport facilities, marketing organizations, planning, and government services -- all of which may require changes to traditional modes of life. Increased production is also facing barriers arising from supply shortages of certain "inputs", notably nitrogenous fertilizers. No *deus ex machina* will remove these impediments overnight, and each country must come to terms with them in its own way. Where Canada can help to make these problems more manageable it will, and it will strive to see access to "inputs" maintained internationally on an equitable non-discriminatory basis.

The situation of the "vulnerable groups" in food-deprived areas is a reproach to us all. The spectacle of 200 million malnourished children, and of nursing mothers suffering on a similar scale, makes a mockery of the ideals professed by every society. The malnourished children of today must somehow be enabled to become the well-springs of tomorrow's prosperity. This conference should determine upon effective ways for directing a greater volume of food to these groups and make them priority recipients under international food-assistance programs. UNICEF and the World Food Program, not to mention the voluntary organizations that form so much of the vanguard in this struggle, must be given the resources to develop programs to this end that are truly effective. Canada intends to play its full part in this effort.

We cannot ignore the fact that in the immediate future there will be a substantially-increased demand for food imports in a number of countries that cannot pay for them. The food-aid programs of many donor countries have hitherto been facilitated by the existence of "surplus stocks", which are now non-existent. Food aid is consequently falling off just when it is needed most. Yet the people fed by "surplus stocks" cannot be counted "surplus people", and their needs cannot be written off. Canada has seen its commitment to these programs as a commitment to international solidarity and to human compassion. We do not intend to abandon them now. Food-

aid donors, and indeed all prosperous countries, have an obligation to maintain these flows while emergency conditions persist, and should expand them if possible. Conversely, the recipients, past and future, have an obligation to take every reasonable measure to augment the availability of food locally, in order that food need not be diverted from those who are unavoidably hungry to feed those who are avoidably starving.

Canada accepts the main elements of a long-term food-aid policy that have been recommended to us. I shall now set forth the specific response of the Canadian Government to these recommendations: First, the Canadian Government accepts the conception of forward-planning; it has decided to make its own commitment for the next three years. Second, it agrees with the view that, if the eroding effect of sudden price increases on the levels of food-aid is to be avoided, the best way of pledging food-aid is in physical terms -- that is to say, in quantities of food rather than in amounts of money. Third, Canada supports the setting of a minimum target for world aid flows of ten million tons of food-grains a year. Fourth, in pursuance of these principles that we have accepted, Canada hereby commits itself to supplying an average of 1,000,000 tons of food-grains annually for each of the next three years. In pledging this more than proportional amount towards the total target, we have had in mind that it is a minimum target and that we are facing a situation of extraordinary gravity. We should hope that other traditional and new donors will subscribe with us to the objective of surpassing the minimum target. Fifth, Canada is prepared to increase substantially the allocation of commodities other than food-grains for food-aid purposes. Sixth, we accept the proposition that multilateral food-aid programs have operated to good and beneficial effect, and that their continued effectiveness must be buttressed by adequate resources. Accordingly, we are prepared to channel approximately 20 per cent of Canada's food-aid through these multilateral programs. In order to carry out this commitment Canada will make a supplementary contribution to the World Food Program.

This is the substance of Canada's response to the situation of acute distress that is confronting us.

In the longer term, there is clearly a need to define more closely the circumstances where food-aid is appropriate, and avoid the disincentives it causes in indigenous production. There is merit in suggestions that grain stocks for emergency relief be set aside on some consistent international basis, and arrangements made for their rapid mobilization when needed, and we shall help pursue this question.

Canada has long been a proponent of grains arrangements that would augment world food security, and of other measures to this end. At last year's FAO conference, Canada supported the principle of a voluntary undertaking on world food security, and since then has participated actively in the consideration of alternative texts. The voluntary undertaking that is before the conference contains a framework of objectives whose attainment would be a significant world achievement. Canada endorses the undertaking, and will, once suitable country coverage and implementation arrangements have been concluded, become a party to it. We must not blind ourselves, however, to the fact that much work remains to be done, particularly among the countries chiefly concerned, to make meaningful food security a reality. In this demanding and detailed task Canada will participate fully.

World food security in its broadest sense can only be attained by the prudent management of food supplies at every level -- a situation where governments, growers and traders in every country use their best judgment and foresight to assess probable needs and supplies. Canada has provided a key element in world food security in the past through its supply management and maintenance of stocks. This task is one we should be happy to share more widely. Improved information can play a big role, and we hope to see all the countries at this conference contribute extensively and accurately to the proposed Early Warning System. Food-importing countries have an evident self-interest in improving their storage capacity, which would augment world security. On a longer-term basis, security is most likely to come from providing producers and traders with stable expectations of a financial return commensurate with the value of their product -- a value which few people anywhere today would be inclined to question.

Two allied international fields of concern are inextricably bound up with the food problem -- international trade and the preservation of the environment. Canada has long supported a general liberalization of trade in food products, in order to encourage the efficient producer and thereby provide more abundant food at reasonable prices. This is one of our main objectives in the impending trade negotiations in Geneva. We recognize that certain food-importing countries face an enormous challenge in meeting their bills in the short and medium terms, and that this dilemma arises in some respects from factors beyond their control. This payments problem extends into every aspect of the economies of the countries concerned, however, and it is principally through general financial measures, including those taken within the IMF or IBRD, that Canada would expect to see this problem attacked. We are confident that the Geneva trade negotiations will follow the



directives of the Tokyo ministerial meeting of the GATT in September 1973 and secure additional benefits for the trade of developing countries, and Canada will strive to see this accomplished within a non-discriminatory trading framework.

In the longer-term perspective, mankind has no choice but to arrange its feeding in harmony with a balanced use of all the earth's resources, or its civilization will go the way of those of Nineveh and Babylon -- which destroyed the soils that fed them. The World Population Conference at Bucharest marked the first, albeit halting, step towards using a full range of policies to control the pressures exerted on this planet's resources. Progress in this area must be accelerated. Already we are experiencing declines in catches of certain species of ocean fish, and the sea is not the only resource whose capacity might come to be tested in the foreseeable future.

World food production has maintained a precarious adequacy through notable research accomplishments and through the application of modern technology. To gain further ground, these efforts must be redoubled, but our perspective of the problem must also be widened so that entire "eco-systems" can be used to greatest advantage and a lasting equilibrium can be achieved. I have outlined in some detail the Canadian position on the various elements of the World Food Strategy that the Secretary-General has set before us. We recognize that this strategy, if it is to bear fruit, will require a re-ordering of priorities on all our parts. But we also recognize that it will require the mobilization of vastly greater resources for agriculture, both nationally and by the international community. We believe that the time to set this World Food Strategy on its right course is here and now, by this conference. As an earnest of Canada's commitment to the solution of the world food problem, I am pleased to announce that the Canadian Government has decided to allocate at once the sum of \$50 million of Canada's development assistance, to be used in ways that will make an effective impact on the present critical situation.

The primary aim of this conference, as we see it, is to produce at every level of society an awareness of the affront to the human conscience that hunger constitutes, wherever it exists, and a determination to make its elimination a basic policy goal of all governments represented here. If that is to be the result of our conference, its conclusions cannot be allowed to implement themselves. We must try to ensure that we have the mechanisms that will enable us to monitor and review the progress that is being made, to correct the strategy when and where it needs correcting, and to see to it that existing and new resources are used to promote agri-

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cultural development in a coherent and effective manner. It is our view that, in this essential process of pursuit, full advantage should be taken of the experience and the established competence of the organizations that have a contribution to make to the solution of the world food problem. This is not to say that all should remain as it is but that we should approach the matter of institutional arrangements with economy and good sense. On October 30, the Prime Minister of Canada met in Ottawa with the premiers of the ten Canadian provinces to discuss the problem of inflation. My Prime Minister took this opportunity to raise with his colleagues from the provinces the world food problem. They told him that they were also preoccupied by it and that provincial governments were prepared to co-operate with the Government of Canada in contributions to the resolution of the world food problem. I think this vividly reflects the seriousness with which the Canadian people view the problems before this conference. Future generations have a claim on our intelligence and our compassion, as do today's and, if we do our work well, they may come to look back on this conference as the starting-point for the development of a global process that gave each man, in truth, his daily bread.



# Statements and Speeches

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No. 74/14

## REKINDLING "THE SPIRIT OF OTTAWA"

Remarks by the Prime Minister, the Right Honourable Pierre Elliott Trudeau, to the Commonwealth Finance Ministers' Meeting, Ottawa, September 25, 1974

I'm happy to be able to greet you all at the commencement of your Ottawa meeting. Commonwealth gatherings are particularly welcome in this country, as many of you know who have been in Canada on previous occasions. This is so because Canada regards the Commonwealth with much affection, and attaches to it considerable importance. In our view, there is simply no other association that permits men and women from virtually all parts of the world to gather so informally and so successfully to seek solutions to problems of common concern. In the Commonwealth, we employ our energies in attacking problems, not in attacking one another.

This is especially important in the work that brings you here this week. It is hard to believe that only 14 months have passed since heads of government met here in the summer of 1973. In that short period, the nations of the world have been faced with a series of economic shocks unparalleled, perhaps, in history. These have tested to the breaking-point the resilience of the international trading and monetary systems, and have tested beyond the breaking-point the resilience of some national economies. The issues now before us are so broad, and the remedies required of us are so complex, that no single conference -- not even one of the breadth and goodwill of this one -- can hope to be more than the beginning of a long process.

But how important is that beginning! How important it is that the peoples of all our countries can be assured that their governments have identified at least some of the problems and have agreed on the path that must be travelled in order to deal with them. Of those problems, one of the most fundamental is a failure of confidence: in ourselves and in our ability to act effectively. This meeting, I hope, will be marked by a great demonstration of confidence, for it is an essential element in the world economic structure. And it is perhaps the only element in the world monetary structure that is of any consequence at all.

In that meeting of heads of government in 1973, something that has come to be called "The Spirit of Ottawa" was either discovered or created (I'm not certain which), but certainly experienced.



That spirit will not, I think, escape from any who shared it. For it lit within each of us the realization that, while our problems are very real and very complex, our ability to deal with them depends entirely upon our willingness to extend to them the same measure of honesty and concern that we employ within our own families. And we realized then, as well, that answers that do not confer benefits upon ordinary human beings are not answers at all.

That concern for people was what "The Spirit of Ottawa" was all about. I urge you to rekindle it here this week. I urge you to do so by adhering to the high standards of human concern that were voiced again and again around that particular table by leaders from all parts of the world, but by no one with the compassion and the eloquence and the sincerity of the late Norman Kirk. None who listened to Prime Minister Kirk last August, and certainly none who had the good fortune to know him, doubt the depth of the loss experienced by the people of New Zealand, and by men and women everywhere. Mr. Kirk possessed the genius to remind us that none of our activities, be they political or economic, are defensible unless they bring with them human benefit.

One of the underpinnings, surely, of the human condition is economic in nature. In years past, I fear, we have not always approached this underpinning with sufficient care. We have allowed too much darkness to spill into the spaces between the occasional beacons of a Bretton Woods or a Colombo Plan or a Kennedy Round. And we in the developed countries have injected ourselves with the unforgiving opiate of unthinking belief in our systems, our values, our generosity and our indestructibility. By clinging to those economic beliefs too long, we have remained in the dark while the world has changed about us. In the result, the international record has been subject to fits and spasms of progress, frequented by long spells of inactivity or even decline.

I dare to believe, however, that we are emerging now from one of those long periods without light. And, as always when one first faces the brilliance of sunshine, certain images are engraved on the retina. One of those images, to me, is the absolute interconnection of events in all countries of the world, developed and developing alike. Another image is of the similarly absolute requirement for co-operation in our attempts to deal with those events in order to turn them to our benefit.

We should be shortsighted indeed if we believed that the development process can be dealt with separately from that of commodity

prices or resource management. We should be foolish if we assumed that the evils of inflation could be diminished without efforts both international and domestic. We should be stupid beyond belief if any of us assumed that any one country could become so self-sufficient in this or that product that it could afford to pursue economic or trading or monetary policies independent of the interests of others.

What I am saying is that international meetings, and international institutions, too, must henceforth play a more dominant role in the management of all our economies. That role will be unsuccessful, however, unless both our discussions and our actions reflect an ethical awareness of our responsibilities -- to one another and on this physical planet on which we all dwell and on which we all depend absolutely for survival. Resource transfers, exchange deficits, liquidity difficulties, inflation, trade barriers, unemployment, environmental deterioration, growth -- none are severable either one from the other or as between one country and another. Nor can we sever any of these from the concern that must underline and permeate all our discussions and all our activities. That concern is for social justice and individual human dignity. To it we must marry self-discipline and industriousness.

I am confident that that concern will be evident throughout your discussions. I wish you well in your meeting, and I bid you a pleasant stay in Ottawa.

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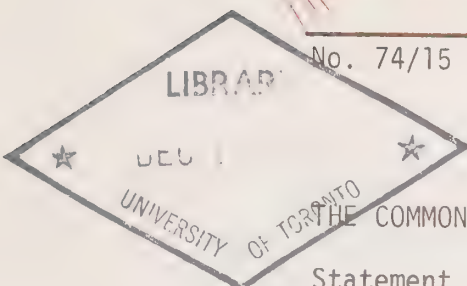
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# Statements and Speeches



No. 74/15

## THE COMMONWEALTH -- CAULDRON, NOT MELTING-POT

Statement by the Honourable John N. Turner, Minister of Finance,  
to the Opening Session of the Commonwealth Finance Ministers'  
Meeting, Ottawa, September 25, 1975.

I want to congratulate the Secretary-General and the staff of the Secretariat for the work they have done in putting it all together. And I think, on a personal note, that my colleagues would allow me to say to you, Mr. Secretary-General, that we are very proud of you, as an exile from this country and as a great international public servant, for what you have done for the cause of the Commonwealth and world understanding over the terms of office you have held. Welcome back to Ottawa.

The Secretary-General has mentioned some of the problems that are going to occupy us:

Inflation, what it is doing to human beings around the world.

The risks of recession, if these problems are not handled well by human beings, by us and by our other colleagues.

The risks of trade barriers, and deflationary policies in the world, and locking us into fragments and compartments.

The recycling of surplus funds caused by the quadrupling of oil prices last year.

The deep crisis for the developing world.

The Secretary-General has mentioned the prices of fuels, and food and fertilizer.

The spectre of famine in many parts of the world and some parts of the world represented by ministers here.

And I think your remark was put very well, Mr. Smith, when you said, for some of us in the developed world, it is a question of tightening our belts; for some of the gentlemen around the table and their people, it is a question of life or death.

This is a prelude this week to the International Monetary Fund and World Bank conferences next week in Washington. And I think our conversations here will have some influence on the deliberations there. And what better forum than this, under the auspices of the Commonwealth. We are bound together in a great global adventure. There is no historical precedent for the type of association we have -- no constitution, no articles of association, no formalized structure, a voluntary association of free and independent people all of us enjoying equality of status around this table. And yet we link every race, every colour, every creed, every continent. We are not a melting-pot of cultures; we are a cauldron to stir the ideas of six continents.

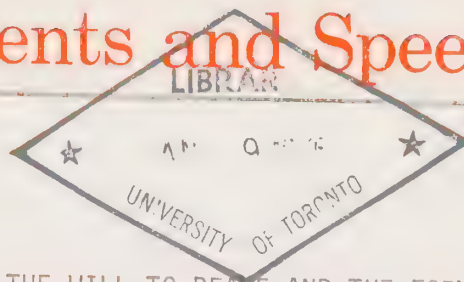
We in Canada look to the Commonwealth as a vehicle for peace, as an avenue towards world understanding. We consider the Commonwealth to be, next to the United Nations, the most universal and fruitful of our human associations. It has been a grand experiment, it has been a creative model of collective human dignity.

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# Statements and Speeches

No. 74/16



THE MIDDLE EAST: THE WILL TO PEACE AND THE FORM IT TAKES MUST BE EVOLVED BY THE PARTIES CONCERNED

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the United Nations General Assembly, New York, November 20, 1974.

No one who is familiar with the developments in the Middle East in the past quarter-century can fail to be deeply moved by the human suffering that has been caused by the perpetual upheaval, insecurity and armed conflict in that region. Though far removed from this area, Canada has not and could not remain indifferent to this tragedy, and has tried to make a helpful contribution to the United Nations efforts to grapple with the problem.

Canada's fundamental concern has always been to help bring about a just and durable peace. To be just, it must take full account of the legitimate interests of all the peoples, and to be durable it must be developed and accepted by all. No imposed solution could endure.

We consider it essential to any lasting and comprehensive settlement that there be respect for the sovereignty, the territorial integrity and the political independence of Israel and of every other state in the Middle East. We remain opposed to any attempt to challenge the right of Israel or the right of any other state in the region to live in peace within secure and recognized boundaries free from threat and acts of force.

The important issue we are now examining, concerning the status of the Palestinians and their role in efforts to achieve a negotiated peace, has figured prominently in this tragic history. From the outset, Canada has recognized that the Palestinians represent a major interested element in the Middle East situation. Security Council Resolution 242, firmly subscribed to by Canada since its adoption in 1967, called for a just settlement of the Palestine refugee problem. Canada has given and continues to give substantial financial support to the United Nations Relief and Works Agency. Recent developments, including this debate, testify to the growing acknowledgement that cognizance must be taken of the need for the Palestinian people to be represented and heard in negotiations involving their destiny. Canada is fully in accord with the view that any enduring peaceful settlement of the Arab-Israeli dispute must take account of the legitimate concerns of the Palestinians.

But we are convinced that these concerns must be, and realistically can only be, pursued by non-violent means. Canada condemns vigorously terrorism in whatever form and from whatever quarter it may occur. It has no place in any efforts to resolve the differences between the parties to this dispute. No one who seeks a role in a negotiated settlement, no matter how legitimate his grievances are or how deep his frustrations may be, can expect to be accepted at the negotiating table unless he sheds violence in favour of dialogue. Meaningful dialogue depends upon recognition of the existence of Israel and its right to survive.

We have noted with satisfaction that there have been, within a relatively short space of time, territorial adjustments on two fronts in the form of the existing disengagement agreements. We may also be witnessing a fundamental change of appreciation of existing realities on the part of both sides to the dispute. On the one hand, Arab governments appear more disposed to recognize Israel's right to exist. Israel, for its part, has reaffirmed its intention to pursue the search for peace with its Arab neighbours, and to this end has indicated greater recognition of the fact that Palestinian concerns will have to be taken into account in some way if real peace is to be achieved.

This said, ... it will be clear that the question is how legitimate Palestinian concerns are to be brought to bear in efforts to reach a just and durable settlement. Canada has firmly resisted giving advice on what form Palestinian representation should take in future negotiations. The claim of the Palestine Liberation Organization to represent the Palestinians is thus one that, in our view, is not for Canada to decide. It is a question that remains to be resolved by the parties directly involved in the course of their continuing efforts to work towards an agreed peace, and Israel, in our view, is an essential party in deciding the question.

If recent developments have placed new emphasis on certain elements among the numerous factors that must be taken into account in any realistic move toward a peace settlement, nothing that has occurred derogates from Canada's conviction that Security Council Resolution 242 constitutes a valid framework for a just and equitable settlement. It remains our view that the equitable balance of obligations thereby laid down for the parties continues to provide them with important guidelines for their efforts to resolve their differences.

The integrity of that Security Council resolution must be maintained, in particular by refraining from any action that would tend to emphasize one aspect to the exclusion of other equally



valid principles. This applies, of course, to the Palestinian issue, as to all the others involved. While important, and indeed fundamental, to the Arab-Israeli dispute, this issue evidently cannot be resolved separately and without consideration for other elements of the problem. We should be opposed to any unilateral actions that could be prejudicial to the comprehensive negotiated settlement that is being sought.

I have said ... that the manner in which legitimate Palestinian concerns are to be represented in the course of the search for a peace settlement is a matter for agreement by the parties involved. The same principle clearly applies to the declared aspiration of the Palestine Liberation Organization to establish an independent national authority in the region. If the emergence of any Palestinian entity were to be envisaged at some stage, it would be essential that this should be the result of agreement among the parties directly involved, which, of course, include Israel. In this respect, the establishment, evolution and existence of any such entity should in no way prejudice the continued existence of the state of Israel.

From what has been said, it will be clear that the Canadian Government believes a settlement cannot be imposed in the Middle East by outside forces. The will to make peace and the modalities and structures of an eventual settlement must be evolved by the parties directly concerned. We shall evaluate objectively any particular course that may be followed in the pursuit of peace, basing ourselves on certain fundamental principles but free of any pre-conceived ideas as to the form and content of an eventual settlement. We shall continue to weigh events in direct relation to their likely impact on what has always been and remains for Canada the cardinal objective: the achievement of an agreed and lasting settlement between Israel and its Arab neighbours enabling all the states of the region to live in peace and security. Canada will continue wholeheartedly, through whatever means may be open to us, to support all efforts to this end.

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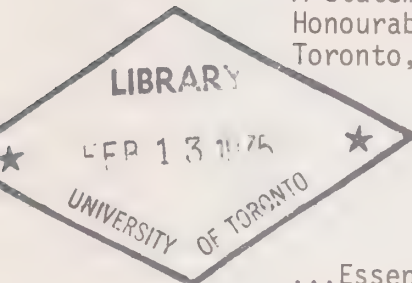
Information Division

# Statements and Speeches

No. 74/17

## THE COMMONWEALTH AND CANADA - ASSOCIATION FOR THE FUTURE

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Royal Commonwealth Society Toronto, November 27, 1974.



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...Essential to a continued understanding of, and involvement in, the Commonwealth, is an awareness by our young people of its true nature and value. The work accomplished by the (Royal Commonwealth) Society in this and other areas deserves the recognition commensurate with its importance.

Happily, I need not convince this audience that the Commonwealth is alive and well and living in a flourishing condition throughout the globe. But the cynics who have diagnosed the condition of the Commonwealth as moribund are legion. The late Dean Acheson, in one unfortunate extraterritorial foray in 1961, observed, not completely facetiously, that the Commonwealth did not exist, as it had no political structure, or unity, or strength.

In the Canadian judgment the evidence does not support this view. The association has both form and substance; the membership insists the Commonwealth continue and expand. The activities of the association, and of Commonwealth non-governmental organizations, grow; the Royal Commonwealth Society testifies to this. The Commonwealth persists, and like philosophy, consistently inters its undertakers.

Support for the Commonwealth remains a central element in Canadian foreign policy. Canada's commitment to the Commonwealth, which has evolved with time, is not the mere consequence of history; it is rather the consequence of the adaptive and responsive qualities of the association and its ability to accommodate and further policies and ideals consistent with Canadian national objectives.

The Commonwealth is a unique institution. Its members share a common language and a common historical experience. The Commonwealth includes no super-powers. It is not an arena of Cold War politics. It is not intended to pursue one specific goal, or to resolve one specific problem. It cannot be viewed purely in terms of developmental assistance, or of a donor-user equation. It draws its strength from the ideas and ideals inherent in British political

traditions and from their humanist values, of which the Commonwealth countries are legatees. Permeating the Commonwealth are the attitudes of a community created by a common historical experience, from which so many of the habits, institutions and values of Commonwealth countries continue to be built.

The common values held by members transcend racial, religious, cultural and geographic perimeters. They ease relationship and understanding. They bind members spanning all continents and stages of development, and embracing all races, in a mutual acknowledgement of equality. They condition Commonwealth activity. They permit free and frank discussion in Commonwealth assemblies unequalled elsewhere. These common values find expression in the Declaration of Commonwealth Principles adopted by heads of government at their meeting in Singapore in 1971: human dignity and equality, individual participation in framing the national society, a more equitable international society, the freest possible flow of international trade on fair and equitable terms, and a multinational approach to peace and progress.

These values, held in common by members, endow the Commonwealth with the flexibility needed to respond to challenges as they occur. This adaptability was shown in the Commonwealth's adjustment to a sixfold increase in membership in the postwar period, and in establishing the Commonwealth Secretariat in 1965 to implement decisions, and to facilitate communication and co-operation. It is evident in the orientation of Commonwealth activity towards the concerns of newly-independent members, and the increasing stress on functional co-operation responsive to the needs of all members. From it has sprung a distinct Commonwealth mentality, predicated on a willingness to collaborate on a basis of equality. The anglocentric order has disappeared, and with it the hierarchical structure which had characterized the association. This has been replaced by a lateral pattern of relations. It is working well, and to the benefit of all members, including Britain.

Above all the Commonwealth is concerned with people. As the Prime Minister put it at last year's heads of government meeting: "We are concerned with the dignity of individual human beings and the improvement of the lot of ordinary men and women." In other words, answers to the world's problems which do not confer benefits upon ordinary human beings are not answers at all. And, in this, not only governments are involved but some 250 non-governmental Commonwealth organizations and societies. Here, I suggest, lies the Commonwealth's true strength. Foreign policy is, after all, only a framework; the people must make it live.



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It is not designed just to guide intergovernmental relations, but depends on public interest, which it reflects, and on public support.

Though largely unperceived outside it, the focus of Commonwealth activity has shifted away from purely political concerns during the last decade. This culminated in the 1973 heads of government meeting in Ottawa, and the specific decision by heads of government "to make maximum use of Commonwealth machinery to put the principles of the Commonwealth Declaration into practice, and to accelerate the pace of social and economic development among the less affluent members". It is this dynamic element and this commitment that provide the key to the understanding and value of the Commonwealth today. Officially this finds expression through the programs administered by the Commonwealth Secretariat. These programs, begun since 1969, include: the Commonwealth Foundation, established to increase exchanges between Commonwealth professional organizations; the Commonwealth Fund for Technical Co-operation, with its triple focus of technical assistance, education and training, and export development; the Commonwealth Youth Program, established in 1973 to involve young people in national development; and the Program for Applied Studies in Government, to provide training for middle- and senior-level government officials. Complementing this is the increased activity of non-governmental organizations in such diverse fields as medicine and law, science and education.

During this period leading to a concentration on functional co-operation, political questions were not ignored; the Commonwealth's discussion of *apartheid*, Rhodesia and nuclear testing confirms this. Nor are political questions ignored now, as demonstrated by the decision by heads of government in 1973 to provide humanitarian assistance to the indigenous people of the territories of southern Africa in their efforts to achieve self-determination, a decision prompting considerable change in Canada's own policy on this question. But politics *per se* do count for less, and when political questions arise, they are approached in a manner that enables members to accept different positions, to identify the common elements in them, to determine whether they are amenable to Commonwealth treatment, and then to move forward from this agreed basis to a solution or an amelioration of the problem. The stress increasingly is on practical collaboration and co-operation, and the avoidance of futile political altercations.

The role of Canada, of successive ministers and prime ministers, and of Prime Minister Trudeau in particular, was critical in engineering this change. It was largely through the interventions

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and suggestions of the Prime Minister at successive heads of government meetings in London and Singapore in 1969 and 1971 and in Ottawa last year that this new focus for Commonwealth activity emerged so sharply. Illustrative of this was the proposal by Prime Minister Trudeau at Singapore that an item on comparative techniques of government be included in the agenda of future meetings.

It is a complex subject, including such problems as that of forward financial planning, and such philosophical ones as the relative functions of politicians and public servants. But the key problem of reaching the people, hearing from them and responding to their wishes is essentially the same for all governments at all levels. This subject was discussed by heads of government at their meeting in Ottawa last year; it will again be on the agenda when they meet in Jamaica in April 1975.

With the decision by heads of government at their meeting in Ottawa last year to reinforce and expand Commonwealth functional co-operation, trends and ideas evident in meetings going back a decade crystallized, and a new stage in the evolution of the association was reached.

Since this meeting, the scale and tempo of Commonwealth functional co-operation have increased remarkably. So has Canadian participation. The budget for the Commonwealth Fund for Technical Co-operation, stimulated in large part by the matching formula marking the Canadian contribution, has doubled, attaining a level of \$7.5 million. Our own contribution this year will probably reach the \$3-million mark. The Commonwealth Youth Program, approved by heads of government in 1973, has set up a youth-awards scheme and has established two regional centres for advanced studies in youth work and will soon inaugurate one more. The Commonwealth Foundation established, or helped establish, professional centres in Commonwealth capitals, financed a new journal on intermediate technology and, with the Canadian International Development Agency, strengthened an intra-Commonwealth bursary scheme to benefit agriculturalists and veterinary officers.

The Commonwealth Science Committee agreed to work more closely with the Commonwealth Secretariat, and to set definite objectives for intra-Commonwealth collaboration on establishing procedures and mechanics for national science policy, and for research management and administration. Education ministers met last June and recommended, among other things, that copyright-free educational material be made available to Commonwealth developing countries and reprinted and distributed locally.

This month, the Commonwealth Medical Conference in Colombo examined the question of health-service delivery in rural areas. Thirty-five specialized conferences and meetings have been held this year permitting detailed, in-depth examination, of specific questions, and exchanges of views and experience by participants based on long and varied experience.

Research papers for use by members have been prepared by the Secretariat. Among these were papers on relations between Commonwealth countries and the enlarged European Economic Community, the problem of equitable and remunerative terms of trade, the economic consequences of the increase of petroleum prices, multinational corporations, and possible Commonwealth action on fertilizer production.

The Secretariat provides support to Commonwealth governments in their negotiations with the European Community through studies on commodity exports, and on Community proposals to stabilize the export earnings of associates and potential associates, as well as those that have not been offered the option of association. The impact of such Secretariat assistance on the countries concerned is immediate and direct; its value and merit require no elaboration.

The Secretariat's Legal Division has arranged exchanges of information on new legislation, the work of law reform commissions, case law and the administration of justice in general. Cabinet secretaries meet to exchange views on forward planning and financial control in government, and to compare procedures and techniques, and to learn from one another in this most critical area of government operations. Following study of the question by an expert group, a report is being prepared on the feasibility of establishing a Commonwealth investment bank, intended to marshal concessionary and commercial resources into financial packages to promote projects in the directly productive sectors of Commonwealth developing countries. Heads of government will consider this report at their meeting in 1975 in Jamaica. Each of these activities has been oriented to the encouragement and intensification of co-operation.

These programs mounted by the Commonwealth enjoy economies not available to multilateral programs elsewhere. Overhead is low; costs of Secretariat programs are less than 15 per cent, liberating the bulk of the funds available for program activity. The return for money invested is good value, and the programs worth while. Response is rapid, and there is precision in meeting needs. In the case of smaller members, whose needs are not met by other

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multilateral programs, Commonwealth assistance is often of critical value. The Commonwealth is thus an effective and efficient multilateral channel for aid.

Canada actively supports each of these programs to which I have referred. We also contribute to Commonwealth development in the Secretariat, where Canadians fill positions at various levels. A former Torontonians, Arnold Smith, has been Secretary-General for ten years, and has rendered outstanding service to the Commonwealth.

But Canadian support rests on a variety of other considerations as well. The lines of communication, established over the years, and the conventions that govern its activities are tried and tested instruments for diplomatic concourse. The association provides, through its evolution, a unique forum where members discuss and exchange views in complete candour and informality, on a basis of full equality. The practice of understanding differences and resolving problems, of seeking constructive solutions by agreement rather than by voting, brings members together, rather than dividing them; this cohesion reinforces Commonwealth endeavour and makes co-operation easier. The Commonwealth allows us considerable latitude for action in a body where no super-power is a member. We understand the way it works. It is worth our while.

The Commonwealth provides access to, and makes us beneficiary of, ideas and experience, and a formidable repository of collective knowledge. The association facilitates relations with member countries, and gives an added dimension to our bilateral relations. It acts as an antidote and counterweight to continental drift. The Commonwealth remains useful as a sounding-board for our ideas, for gauging the response of members, and for calculating the likely response in larger forums. It is, as well, a source of ideas in itself. It provides a particular perspective on international questions and, within the limits to which any international assembly is subject, a vehicle for their possible solution or amelioration.

The ideas and experiences exchanged and the program operations may not be critical to continued Canadian development. They are, however, useful and do influence, however moderately, the pattern of development in Canada.

Within the ambit of Canadian foreign policy, the Commonwealth provides one outlet for the national personality to be given some manifestation abroad. In this respect, the Commonwealth

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provides a real theatre of action for an interested domestic constituency, such as the Royal Commonwealth Society, which wishes to participate in an identifiable and specific manner in international affairs. The Commonwealth is, in the words of Prime Minister Trudeau, "our window on the world". It provides one more forum for our active participation in world affairs. Membership in the Commonwealth also represents a reinforcement and further extension of the calculated policy of diversification of Canadian interests and engagements throughout the world to offset the pull of continentalism.

The Commonwealth is the oldest international association to which we belong. It may be viewed as parallel to our involvement in the Agency for Technical and Cultural Co-operation, the Agence, its *francophone* counterpart. Our policy towards it will necessarily be conditioned by its aims and purposes, its composition, and the policies of member governments towards it. The larger number of developing countries within the Commonwealth, and their requirements, understandably orient its activities in this direction. This is not, however, an exclusive orientation. All members participate with equal status, and contribute collectively to Commonwealth endeavours. All share the benefits. This sense of community is imperative to the continued welfare and existence of the association, and it is our intent to nourish and to cultivate this sense.

We shall continue to strengthen the association and preserve the candour and informality of its discussions, to encourage more active participation in it by members, and to support its development, and that of its non-governmental organizations, as instruments for greater practical co-operation. In particular we shall encourage greater involvement by members in Commonwealth endeavours to understand and correct the difficulties posed by the imperatives of continuing modernization. We view this as an essential element in maintaining the coherence of the association. In so doing we recognize the limits - both economic and political - to which the Commonwealth is subject, and the competing international priorities that vie vigorously for attention. These limits will not, however, restrict us in seeking the achievement of this triple objective.

The principles expressed in the Commonwealth Declaration are essential to the continued existence of the association in a form acceptable to Canada, and we shall persist in our support for them, and their application.

For Canada, Commonwealth activity has a direct, and distinct,

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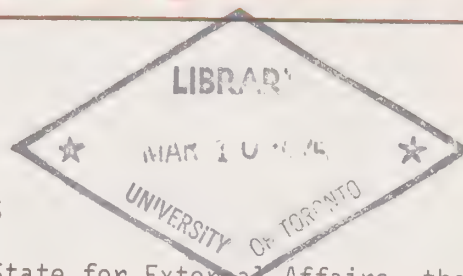
impact on three levels. Nationally, it satisfies the aims and aspirations of Canadians; it meets a very real need, whether conscious or unconscious, to find expression for a wider range of contacts; it provides satisfaction for an altruistic wish to do something about the problems of the world. Within the Commonwealth itself, it reinforces the association; it helps to strengthen Commonwealth identity and character; it assists continuity of Commonwealth activities. Internationally, it reinforces the "thrust" of foreign policy generally, and helps us to do a job that must be done with Commonwealth colleagues. At all these levels, the association will continue to figure prominently in our calculations.

It is against this background that we are now preparing for the heads of government meeting next April. The dynamic of international events will require us to add new questions to those with which heads of government are already familiar. The guideline must be to anticipate and analyze problems before they assume crisis proportions. We shall, with other governments, rededicate ourselves to the value and continuity of Commonwealth achievement.



# Statements and Speeches

No. 75/1



## CANADA/UNITED STATES RELATIONS

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Winnipeg Branch of the Canadian Institute of International Affairs, January 23, 1975.

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Before taking up my subject, I should like to take, if I may, a brief look at our overall approach to external relations. This will help to put our examination of Canada-United States relations in its proper perspective.

As all of you know, in 1970 the Canadian Government carried out a comprehensive review of foreign policy, the first such examination since the early postwar years. One of the most important conclusions of the review is that foreign policy is an extension abroad of domestic policy. The objectives of foreign policy must be relevant to Canadian national needs and interests if it is to attract the support of the Canadian people.

Linked with this conclusion are two major points of concern. One is the question of maintaining national unity, an essentially internal problem but with important external implications. The other is the very complicated problem of living distinct from but in harmony with the world's most powerful nation, the United States. This problem is obviously external in nature, but it has very important implications for the Canadian domestic scene. It involves our sovereignty and independence. A considerable degree of interdependence between Canada and the United States is inevitable -- and, indeed, mutually beneficial. But the problem is to manage the relationship in such a way as not to undermine Canadian national identity and independence.

Some basic facts (and I shall not go beyond basic facts) of our situation reveal the magnitude of the problem for us. Canada/United States bilateral trade *per annum* amounts to about \$40 billion. The United States provides the market for 67 per cent of our exports and supplies 69 per cent of our imports. Canada takes 21 per cent of United States exports and supplies 25 per cent of United States imports. The United States market absorbs up to 35 per cent of all the goods produced in Canada. In contrast, Canada buys less than 2 per cent of all goods produced in the United States. By the end

of 1971, United States investors controlled 27 per cent of the assets of all non-financial Canadian corporations. In some key industries, the United States control is over 75 per cent. Canadian direct investors in the United States own less than one-half of 1 per cent of United States corporate assets.

It was figures of this kind that had been with us for a long time that had brought home to us the need to reconsider our relations with the United States in order that we Canadians might determine where we should be going. And this process got under way at the beginning of the Seventies. The economic measures adopted by the United States in August 1971 gave special urgency to this need. Consequently, we undertook a comprehensive reassessment of Canada/United States relations.

We considered three options:

- (1) maintenance of the *status quo*;
- (2) closer integration with the United States; and
- (3) strengthening of the economy and other aspects of national life in order to secure our independence.

The decision was taken to adopt this third alternative, usually referred to as the Third Option. With it we have chosen to develop a comprehensive, long-term strategy intended to give direction to specific policies and programs, which will reduce Canadian vulnerability to the magnetic pull of the United States.

Before I discuss what steps we have taken so far to carry forward this decision, I wish to deal with some of its implications. They have been discussed on previous occasions, but their importance merits repetition. This policy does not entail protectionism or isolationism. On the contrary, it really means a greater involvement for Canada in the rest of the world. It is definitely not anti-American. The decision to adopt the Third Option was taken in the knowledge that our links with the United States represent our most important external relationship. The effect is to strengthen these links, by developing policies that contribute to Canadian maturity and self-confidence, and thereby remove those irritations in Canada that could, if not dealt with, manifest themselves in anti-American feelings.

But what have we done so far to reduce Canadian vulnerability to continentalism? The logic of the situation suggested that we



should diversify our interests and deepen our relations with other countries, especially with those that, by virtue of their own power, could help to serve as counterweights to the pull of the United States. Canada does not have global responsibilities in the same sense as the United States, but we do have world-wide interests and a growing capacity and need to promote these interests. We have, accordingly, sought to strengthen Canada's relations, particularly with Europe and Japan.

There have been substantial contacts between Canadian and Japanese political leaders and officials across a wide range of fields -- agriculture, science and technology, atomic power, minerals and energy. In 1973-74, our foreign ministers met twice, while in 1974 our prime ministers met in Paris and in Ottawa. The objective of all these activities was set out in the communiqué issued at the end of the last prime ministerial meeting in Ottawa in September. The prime ministers agreed that "Japan and Canada would make constant efforts to cultivate, expand and enrich further their co-operative relationship in political, economic, cultural, scientific and technological and other diverse fields, thereby placing the relationship on an even broader and deeper basis".

Europe is the other principal centre of gravity with which Canada hopes to strengthen relations. A concerted effort is being made to develop relations with the member countries of the (European) Community and also with the Community as a distinct entity. Since 1972, there have been many exchanges at all levels between Canada, the Community and its member countries. These culminated in the visit of Prime Minister Trudeau to Paris and Brussels in October 1974. He will be returning to other European capitals in March of this year. One objective is to broaden and deepen our bilateral relations in as many fields as possible with these countries. Another objective is to negotiate some form of contractual link between Canada and the Community. For our part, such an arrangement would constitute recognition of Canada as a distinct political, economic and social entity in North America. Links with the Community having a potential for development would help greatly to meet our objective of diversifying our involvement abroad.

But, having said all this, I must insist on one central point: our effort to diversify our relations means that we seek not to supplant but to supplement relations with the United States. Indeed, it is obvious that relations with the United States will remain the most important that this country possesses. Our purpose is to strengthen Canada in order to create a more balanced, a more reciprocal and thus a healthier relationship between two independent partners.

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What we have witnessed since the early Seventies has been the ending of one era and the beginning of a new period in Canada/United States relations. The change involved the ending of the "special relationship" between Canada and the United States. What are the factors that produced this change and what are the distinguishing characteristics of these two phases in Canada/United States relations?

The earlier period began with the Second World War and continued to the early Seventies. It saw the United States and Canada thrust to the forefront of the world stage -- the former as the leader of the West and the latter as an important military and political ally and economic power. This was the period of close political and military co-operation, and increasing economic and cultural interaction. Co-operation in defence was marked by a series of agreements running from the 1940 Ogdensburg Agreement, which established the Permanent Joint Board on Defence, to the 1958 North American Air Defence Command Agreement, which established an integrated anti-bomber defence in response to the Soviet threat. In the economic field, the pull of continentalism was magnetic. There occurred that phenomenon with which we are all too familiar -- the rapid expansion in United States control and development of Canadian industry, particularly in the extractive industries like mining and petroleum. The cultural penetration of Canada through television, radio, films and publishing during this period was also heavy.

But, while United States influence on so many aspects of Canadian life was growing during this period, changes in the international environment, within Canada and especially Canadians' perceptions of their national identity and independence, were also occurring. These developments were eventually to lead to a change in relations with the United States.

This new feeling of being Canadian is reflected very sharply in the economic field. The issue is our economic independence. I have already cited figures showing the degree to which we are dependent on the United States in trade and investment. A cross-section of various polls taken in Canada in 1972 indicated that 88.5 per cent of Canadians thought it important to have more control over our economy and that two of every three Canadians considered the then level of American investment in Canada too high. This growing preoccupation with the economic vulnerability of Canada was greatly increased with the introduction of the United States economic measures of August 1971. Although they were global in impact, their effect in Canada was great, in part because of the high concentration of our trade with the United States and the affiliated structure of

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our industry. Clearly, no country concerned with its independence could accept passively a situation in which it found itself so exposed to a major and unexpected change in the terms of its economic relations with a powerful neighbour.

In the economic [*sic*] field, there emerged a renewed concern for the development and preservation of our national cultural identity. Canadians became increasingly disturbed by the pervasive influence of American cultural penetration. At the same time, we witnessed a burgeoning of activity in all the arts -- theatre, literature, ballet, painting, and sculpture, films and music -- that has been unparalleled in our national history. Winnipeg is one of the leaders in these cultural developments. They are a marvellous manifestation of the "Canadian fact", and of our determination to establish our cultural identity and independence.

In the defence field, continuing improvements and technological changes in nuclear-missile and radar detection systems tended to cause the Soviet bomber threat to North America to recede. Consequently, the momentum towards more closely integrated and structured defence arrangements abated and the relative importance of the Canada/United States defence relationship levelled off in the late Sixties. Although circumstances are changing, Canada remains committed to co-operation with the United States, and to our NATO obligations and to the policy of collective security.

In the field of foreign affairs, Canada launched certain new initiatives. We moved to recognize China. In the new atmosphere of *détente*, we extended the range of our relations with the Soviet Union and Eastern Europe. And, as I have already indicated, we sought new openings to Japan and to Western Europe. We also took fresh initiatives in dealing with such global problems as marine pollution and the law of the sea. In those various ways, Canada responded to new realities in the international environment and to new perceptions of our national interest.

There have also been certain changes on the American side affecting Canada-United States relations of which we must take note.

The early Seventies witnessed a major change in United States foreign policy, a shift from global leadership to a more diminished role in the international community. President Nixon's address to Congress in May 1973 on United States foreign policy for the 1970s took note of this change. He said:

"The American people had supported the burdens of global leadership with enthusiasm and generosity

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into the 1960s. But, after almost three decades, our enthusiasm was waning and the results of our generosity were being questioned. Our policies needed change, not only to meet new realities in the world but also to meet a new mood in America. Many Americans were no longer willing to support the sweeping range of our postwar role. It had drained our financial and especially our psychological reserves."

In short, President Nixon indicated that the time had come for others to share a greater portion of world leadership.

His statement also reflected the growing feeling of Americans that United States policies should serve more immediate and domestic interests. This feeling applies to Canada as well as to other nations. In the United States, a view was taking hold that the "special relationship" has worked too often to Canada's advantage. It is maintained that it has involved accommodations to Canada that are no longer tenable in the light of current economic realities and in the light of the changing United States leadership role.

Linked with this change in external posture are changes in the domestic scene. (I am talking about the United States.) There is increasing public concern with domestic issues as opposed to foreign problems. The long preoccupation with Watergate has passed and the United States Administration and Congress have begun to concentrate upon a broad range of domestic problems. Their priorities seem to lie in the direction of reinvigorating the economy, combating inflation, and re-establishing a sense of purpose and direction in the country. Faced with serious economic problems at home, it is almost inevitable that the Americans will tend to calculate their national interest more narrowly in their foreign economic relations. The economic measures of August 1971 furnished one notable manifestation of this attitude. In addition, Canadians cannot forget that certain of the American domestic economic problems have, in our increasingly-interdependent world, Canadian dimensions. Energy, natural resources and the environment are but three areas in which American efforts to meet their own needs can obviously impinge on Canadian interests. Consequently, the American preoccupation with their own domestic difficulties has important implications for Canada, particularly at a time when we are defining our industrial and foreign investment policies.

The fact is that, in both Canada and the United States, there has been a growing awareness that the special relationship no longer



serves either of our best interests. What is being developed is a more mature relationship. It is one that permits us to maintain close ties, to co-operate fully on bilateral and multilateral matters, is of mutual benefit, and yet leaves each country free to pursue its national interest consistent with its international obligations.

It is plain that Canada and the United States have entered on a new period in their bilateral relations. It is one in which the emphasis is on a clear-eyed appreciation of the national interest and in which there is no room for false assumptions or illusions. Each government will have to make hard decisions in line with its own perception of the national interest -- decisions with which the other may find it difficult to concur.

On the oil-export issue, we feel we have demonstrated our willingness to assist the United States as far as possible consistent with our own national needs. There were strong objections from some quarters in the United States that American interests were being abused. But we could not be expected to sacrifice our own needs to meet the oil-consumption requirements of the United States. I might add here that, at least with respect to the oil-pricing issue, recent United States action would appear to have gone a long way towards removing this irritant. Similarly, Canada's desire to develop mineral resources at its own pace and to encourage further processing before export is not necessarily in accord with American interests, which appear to tend towards the rapid exploitation of known resources, accelerated exploration of new resources and increased imports of resources in their raw form.

Yet the two countries are becoming increasingly interdependent and the issues between them accordingly greater in number and complexity. In these circumstances, relations are likely to become more, not less, difficult. As interaction increases, conflicts of interest and differences of view are bound to develop. Both governments are becoming increasingly involved in a wide range of domestic social and economic activities many of which turn out to have foreign-policy implications. For example, two years ago federal financial assistance was extended under the DREE program to the Michelin Tire Corporation to locate in Nova Scotia. This was regarded in the United States as an attempt to subsidize an export industry, and as a consequence the United States applied countervailing duties on this Canadian export. This is a striking example of how a domestic program, in this instance one designed to remedy regional economic disparities, can become an issue in our relations with the United States.

Although this new period in our relations with the United States will be complex and at times difficult, our approach to it should be positive. The fact is that, fundamentally, the relationship is a healthy one. We must remember that Canada and the United States continue to share similar views, and co-operate closely, on a whole range of important international issues. Our perceptions of what the new political and economic international environment requires have many points in common. Also we are each other's best friend by choice and circumstance, and we shall remain so.

To respond to this new situation, there is a new pattern developing in the management of our relationship, which, in my view, will help to promote harmony and is in keeping with the new character of that relationship. It consists of analysis of the particular national interest to be served, followed by consultation, discussion or negotiation with a view to reaching a mutually-acceptable settlement of the particular problem. One of the most important ingredients in this process is that of regular consultation and discussion.

In this connection, I want to emphasize the importance of advance consultation. It seems to me that the sensible way of doing business is to notify the United States whenever possible of our intentions in advance of our taking major decisions on matters affecting United States interests and, where appropriate, to provide an opportunity for advance consultations. Naturally, we should expect the United States authorities to treat us in the same way whenever they were about to take action that would affect our interests. This practice corresponds to the more mature and complex stage that our relationship has now reached. It would help to diminish fears and misunderstandings on both sides. In short, it is an important way of keeping our relations with the United States in a healthy condition.

I should like to discuss briefly one outstanding issue between Canada and the United States that shows how our new relationship should be managed. It concerns a project of particular interest to this province -- the Garrison Diversion.

The Garrison involves, as you know, a huge complex of canals, dams and reservoirs designed to irrigate some quarter of a million acres in North Dakota with water from the Missouri River system. The problem for Canada arises from the fact that, as currently envisaged, the return flows from the irrigation project will drain primarily into the Souris flowing northward into Canada and also into the Red River. The potential consequences of this are serious. We

should be faced with increased flooding and with the prospect of large-scale pollution that would cause damage to health and property in Canada. Because of this, Canada has raised objections to the project on the basis of the Boundary Waters Treaty of 1909, which provides that neither country will pollute waters flowing into the other to the injury of health or property.

Since 1969, the Governments of Canada and the United States, as well as the governments of Manitoba and North Dakota, have exchanged information and held numerous discussions on this issue. We have particularly welcomed working closely with the government of Manitoba on this subject and have appreciated the continuing support and participation of the Manitoba authorities in our dealings with the United States. I think this issue provides an excellent illustration of federal-provincial co-operation in dealing with an international problem.

At the technical level, the enormous amount of information exchanged has meant that the Canadian authorities have been kept fully informed on all technical aspects of the project, including its timetable and progress. The United States side has been kept fully informed of the technical analysis that supports the Canadian case against the project. At the political level, the various exchanges have kept each side fully aware of the other's intentions, strategy and concerns.

What has been the value of this practice of regular consultation and exchange of information? It has allowed a fluidity of approach to the positions of both sides that has meant that the hardening of positions on considerations not central to the issue involved has been avoided. It has also precluded the kind of conflict that can arise when positions are taken on the basis of misinformation. The tactic of confrontation at the political level has been avoided. The political position of both parties depends on answers to highly technical questions of water-quality, water-management and agricultural techniques. If confrontational tactics had been indulged in, the whole issue could have escalated to the political level long before the essential technical work had been done and a political deadlock with little room for manoeuvre could have resulted. It is also worth noting that those portions of the project that directly affect Canada have not, so far, been constructed.

Another kind of issue on which progress has been made with the United States is the problem posed by the United States Trading With the Enemy Act, and in particular the United States Cuban Assets Control Regulations administered under the Act. This act, which can deter Canadian companies that are subsidiaries of United States

firms from conducting normal export business with Cuba, clearly has extraterritorial effect. You will be aware of the recent cases illustrating this problem. Although Canada is not the only country affected, the extent of United States business in Canada makes it a particular factor in Canada/United States relations. Clearly, Canada cannot accept extraterritorial application of the laws of any other nation.

This problem has been discussed periodically by successive Canadian and United States Governments without a resolution satisfactory to Canada. If consultation is to be used in this instance, as I think it should be, it would be our objective that the outcome would be that the companies doing business in Canada would not be deterred by United States law or by corporate policy made in the United States from doing normal export business. Indeed, I have initiated discussions with the United States authorities with a view to finding a satisfactory solution to this problem.

You will be aware that amendments to the Auto Combines Investigation Act are currently before the House of Commons. When passed, these amendments will enable the Restrictive Business Practices Commission to issue directives prohibiting Canadian companies from obeying foreign laws and orders.

It is our hope that this will solve a large part of the problem. What is needed, in addition, is a change in United States law and practice so that Canadian companies will be able to pursue normal export business in a manner consistent with Canadian law and policy.

To sum up, we are in a new stage in our relations with the United States. These relations are fundamentally sound but there can be no doubt that this new phase will be more difficult and complex. Hence the need for careful management of our relations by both parties is greater than ever. It is for this reason that I want to conclude with a strong plea for the merits of the consultative approach. For Canada, it is, after all, the only sensible way to conduct business with the United States, the first among all our partners.

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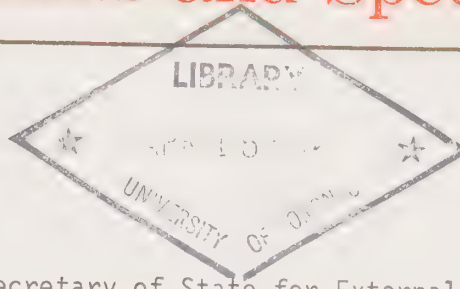
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# Statements and Speeches

No. 75/2



## CANADA AND AFRICA

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Fifth Annual Conference of the Canadian Association of African Studies, Toronto, February 19, 1975.

I am pleased to have this opportunity to speak to you on the subject of Canada and Africa.

One of the aims of my Department is to promote closer contact and dialogue between those who are looking at international affairs from the academic standpoint and those of us who have to make daily recommendations and decisions in this field. It is important for us to obtain and be aware of different viewpoints in order to give our decisions the soundest possible basis. With this in mind, I should like to discuss tonight the basic principles motivating our policy towards Africa.

Our first concern regarding Africa is precisely the same as in every other area of the world -- namely, the cultivation of mutually-beneficial relations with the nations of the continent, who have undertaken to recast their ancient cultures in the framework of modern statehood. Of course, the first prerequisite of fruitful interchange between nations is the maintenance of peace, and this is why the Canadian Government supports the general peacekeeping role of the United Nations and, as well, the work of the regional bodies directed toward the removal of sources of friction between African states.

Recent developments indicate that the impoverished and the deprived are not likely to remain for long in a peaceable frame of mind; their patience is wearing thin. Consequently, there is a direct link between our concern for peace in Africa and our concern for social justice. The foreign policy review of 1970 made social justice, along with peace and security, two of the most important of our six policy objectives. It also made it clear that social justice is to be pursued largely through development assistance. There are people who still question the wisdom of giving aid, in view of our own economic difficulties, not to mention some improvement in the incomes of some of those we are aiding. "What do we get out of this?" they ask. The answer to this is that in today's world we have no real alternative. To quote the report entitled *Partners in Development*, written by the Commission chaired by the late Lester B. Pearson:

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"The simplest answer to the question is the moral one: that it is only right for those who have to share with those who have not."

This report adds:

"Even in the best conditions, development will be untidy, uneven and ridden with turmoil. Great forward movements in history usually are. The thing to remember is that the process, global in scope and international in nature, must succeed if there is finally to be peace, security and stability in the world. If the developed nations wish to preserve their own position in that world, they must play their full part in creating a world order within which all nations, and all men, can live in freedom, dignity and decency. In short, we face an essential need and an unprecedented opportunity. International development is a great challenge of our age."

In the opinion of the Government of Canada, these words are even more convincing today than when they were written five years ago. And they underline our interest in partnership and co-operation with developing countries.

Our involvement in development assistance in Africa is substantial. This year we have allocated \$195 million of public funds for our bilateral programs in the independent countries of Africa -- namely, over 40 per cent of our bilateral-aid budget. Of this figure, about \$85 million took the form of grants and the rest that of concessional loans. We shall also be providing almost \$60-million worth of food aid to Africa this year. An additional \$26 million has been channelled into Africa through multilateral agencies such as the UNDP, the World Bank, and the African Development Bank, as well as non-governmental organizations such as the World Council of Churches. I should like also to refer to the special assistance program we have undertaken in the Sahelian region of West Africa. This special program provides for disbursements over the next five years of some \$230 million. These disbursements are certainly justified by the magnitude of the problems found in that region of Africa, most of which are directly related to the severe drought suffered there since 1968. Canada has tried to play its part in meeting the immediate needs of the people stricken by this drought. What remains to be done now is a long-term effort, aimed at

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finding and implementing permanent solutions, in co-operation with the other aid agencies, to the severe setback the drought has meant for the development of the Sahel.

There is a third element, however, which has a special relevance to Africa. That is our concern for human rights and dignity and self-determination. For a quarter of a century, successive Canadian Governments have condemned racial injustice and colonialism as they have been practised in Southern Africa. The situations prevailing in that area have, in our opinion, been totally unacceptable and an affront to the conscience of the world.

Sometimes our policies in this field have been dismissed by some critics as mere rhetoric. But that is far from the case.

For example, we consider our bilateral aid programs in the independent countries of Southern Africa such as Tanzania, Zambia, Malawi, Botswana, Lesotho and Swaziland show where we stand in relation to them and to the white-ruled minority regimes.

We have also channelled substantial sums into various multilateral institutions such as the United Nations and its Specialized Agencies and the Commonwealth Secretariat, which are carrying on humanitarian programs in this area.

Finally, we have initiated a policy of expanded humanitarian assistance in Southern Africa. Funds are given in the form of matching grants to Canadian non-governmental organizations and international bodies that have existing projects of this kind in Southern Africa. Assistance is being provided, for example, to an educational and health centre in Lusaka, to other health centres in the Chiweshe Reserve in Rhodesia, and for educational, medical and agricultural equipment in Angola and Mozambique. Our record for many years shows convincingly where we stand. We have condemned, and shall continue to condemn, racism and colonialism in Southern Africa.

Developments in Southern Africa during the last year give some hope that the situation may significantly improve. Events in the Portuguese territories have been so rapid and so dramatic that they emphasize how unwise it is to be dogmatic. We are gratified and encouraged by the decolonization process undertaken by the Portuguese Government. Very few people foresaw such changes as have occurred in Guinea-Bissau, Angola and Mozambique during the past year. No one can be certain what will be the situation in the remainder of Southern Africa one year from now. However, there are indications that the South African Government is seriously attempting to improve its relations with its neighbours by peaceful means. As part of this effort, the South Africans appear to be

pressing Ian Smith to seek a settlement of the Rhodesian problem with the African nationalists. We believe that, to some extent, these initiatives of the South African Government are a belated response to the pressures that Canada and other countries have exerted on South Africa. In our view, such pressures would have been less effective if we had chosen to have no truck or trade with the South Africans and severed our diplomatic relations with them, as some of our critics have suggested. We should hope, moreover, that these efforts by South Africa to seek better external relations would be accompanied in the future by determined efforts to eliminate racial injustices at home.

As you know, the broadening of Canada's African diplomacy is recent but has been quite rapid. It was not until 1957 that we established our first full-fledged diplomatic mission in Black Africa. Prior to that, we had representation in South Africa and a trade office in what is now Zaire. There are now Canadian missions in the following countries of the Maghreb and *francophone* Africa: Senegal, Ivory Coast, Cameroon, Zaire, Tunisia, Algeria and Morocco, as well as smaller offices in Niger, Mali and Upper Volta. In Commonwealth Africa, we have resident high commissions in Nigeria, Ghana, Zambia, Tanzania and Kenya. Finally, we have embassies in Ethiopia and South Africa. Most of these diplomatic missions are accredited to one or more other countries. In total, we have resident or non-resident accreditation to every country of Africa with the single exception of Equatorial Guinea.

The majority of our External Affairs personnel in these posts are spending some of their time on development-aid matters; in addition, there are 16 CIDA field representatives attached to these missions. About 850 Canadian experts are now in Africa on CIDA contracts of every conceivable type, and some 500 representatives of CUSO (Canadian University Services Overseas) and of its French-language equivalent are posted in African countries. Another 50-odd Canadians are working in Africa on behalf of the Canadian Executive Service Overseas -- a very useful organization through which senior Canadians provide their expertise to the developing countries at minimal expense. In total, therefore, we have nearly 1,500 Canadians working on development in Africa.

The involvement of provincial governments is an interesting feature of the Canadian presence in Africa. They have already displayed their interest in the continent and their willingness to participate further in Canada's international development programs. They possess important resources both technical and managerial and their support for Canada's aid program in Africa is extensive. They work in close harmony with CIDA to recruit teachers and experts. Quebec is at present in the vanguard of this involve-



ment, and participates with CIDA in four important projects in Africa. This demonstrates how all levels of government in this country can work together abroad.

I must point out, however, that most of our missions in Africa are still quite small; their staffs are hard-pressed to discharge their responsibilities, particularly in regard to countries of non-residence. For example, our ratio of aid supervisors to aid administered is far out of line with some other countries, particularly the United States. Moreover, the responsibilities of our missions go well beyond administering aid. The number of Canadian visitors to Africa is rapidly increasing, with attendant consular problems. And with increasing visits of businessmen, technical experts and advisers, the question of trade and cultural exchange has taken on a new dimension.

Yet some people ask: "Why are we in Africa at all?" The short answer is that Canada cannot afford to isolate itself from what André Malraux has accurately described as one of the greatest events of the twentieth century -- the emergence of hundreds of millions of Africans to self-government and independence. We Canadians are an outward-looking people, conditioned to be so because our very existence depends on the outside world; and, when we look eastward, we must look to Africa as well as Europe.

Our two official languages are also the two European languages used most frequently in Africa. The Government's language policy is a distinct asset in this continent, and I'm told that the bilingual nature of Canada is well reflected in the linguistic background of the young Canadians working there. I should add that Canada has achieved a fairly high level of technological competence; and technology is an essential ingredient of development.

Even if the passage of time has eased some of the post-independence strains between African states and their former colonial masters, there are still quite a few situations where governments would prefer to deal with a country like Canada that has no colonial past; and, if I may add a personal note, I have the feeling that our response has not always met with the expectations of the Africans. As they say on Madison Avenue, we must try harder; and I intend to try harder.

I turn briefly to the wider political and cultural framework of Canada's African diplomacy.

Since the 1950s, Canadian participation in the United Nations and in the Commonwealth has been a basic element in our foreign policy;

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in the 1960s, La Francophonie was added to this framework. The multilateral connections between Canada and the African states forged in these various bodies had the natural result of causing us to develop our bilateral relations with the countries involved.

Today our relations with Africa are perhaps entering a new phase. We must continue to support the three multilateral bodies I have mentioned. On the other hand, we cannot afford to regard the African states simply as emanations of some multilateral institutions of which we are both members.

The point I wish to make is that, in developing our policies, it is now essential for us to consider the particular needs, aspirations and circumstances of each of the African countries with which we have diplomatic relations. We are now more aware than previously of the necessity of balancing our relations with these countries by placing more emphasis on bilateral matters and looking at areas of mutual interest other than aid and technical co-operation. I'm thinking of general policy consultations, cultural affairs, and broader economic co-operation. This adjustment will require us to demonstrate both flexibility and imagination. In each case we shall be required to estimate both our own resources and the particular problems of the individual African country concerned. It is only in this way that we shall be better able to organize aid programs, to expand business relations and to promote successfully those policies (for example, in the environmental field and the law of the sea) that we Canadians regard as particularly important.

The furtherance of such bilateral relations is going to require more effort in Africa on our part than we have previously been able to make. But we must do this without in any way sacrificing the multilateral ties that have proved so valuable to Canada in the past and that we intend to continue to strengthen.

Obviously, a balance must be struck in the scale of priorities on both sides and, naturally, such a balance is, in fact, struck by the daily process of diplomatic activity. Canadian interests in Africa would hardly be enhanced if our Government were to allow our relations with the United States, Japan and Europe to deteriorate. In a very real sense, it is the very robust network of relations -- political, economic, technical and cultural -- that Canada has developed with other industrialized countries that gives us the means to cultivate a more substantial *rapprochement* with the emerging states of the world, in Africa as elsewhere. But I foresee nothing in the future that is likely to lessen the Canadian presence in Africa. On the contrary, all present indications are that we must continue to increase our activity in this

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field -- subject, of course, to the resource constraints. In this respect, I should certainly expect a substantive contribution from Canada's Africanists - particularly on the more fundamental forces that will orient Africa's growing participation in world affairs. It is no secret that ominous gaps are developing in certain areas between the developing nations and the developed world. Within the Third World itself, the world energy crisis has made the relatively wealthy states better off and the poorer peoples even poorer.

You have heard complaints that the Third World is becoming monolithic, that it is "ganging up" on the West, that it is developing a blind automatic majority in international agencies. Africa is often singled out in these criticisms, as the numerous African countries are an essential component of any such majority. Well, this trend is quite understandable when we remember the history and background of the African countries. Perhaps we should not be surprised that they are using the most compelling argument they have, which is their voting strength in the United Nations and other bodies. Africa must be heard.

But international organizations, in their present set-up, are not parliamentary bodies; they are rather a forum for discussing various world issues and reaching decisions on a consensus basis. Confrontation between rigid blocs will lead nowhere. Canada does not wish to be automatically assigned to some theoretical bloc. We regard this approach as simplistic and even harmful. It is a precarious world we live in and to such common enemies as disease, poverty and ignorance we run the risk of adding bristling suspicion and distrust.

If we are to progress through this difficult period in world history, we shall require good will, common sense and much greater knowledge of each other. Ignorance is highly dangerous in this volatile international environment. It is certainly true that knowledge does not always bring wisdom, but we should strive to create a climate in which that essential quality can be nurtured.

There is some urgency, in my view, to expose and discuss more formally with African leaders the Canadian Government's views on these matters; even more urgent, perhaps, is that I, as Secretary of State for External Affairs, be briefed at the highest level on the approach of African governments to the second special session on development of the United Nations' General Assembly next fall. As you know, our Government found itself in a minority situation in the last Parliament; and the necessities of survival forced us to curtail drastically consultations with other governments. This situation has now been remedied, at least for a few years. Conse-

quently, I am now making arrangements for a two-week tour of Western Africa in mid-April; and I am looking forward to this opportunity to acquire a first-hand knowledge of the countries along the Gulf of Guinea and of the drought-affected area of the Sahel. In view of the objectives of Canadian policy in Africa, I hope, in the course of this visit, to reinforce the ties that already link Canada to the independent countries of Africa, to take stock of what has been accomplished so far, and to explain Canadian policies in areas we consider vital.

In conclusion, I wish to emphasize that Canadians must not make the mistake of regarding the people of Africa simply as "under-developed" recipients of our economic aid. We must recognize that Africans have their own history, culture and religion; only by understanding and respecting their traditions can we benefit from their friendship. Conversely, Africans should recognize that Western countries also have their own past and their own social institutions, which are no less worthy of study for appearing somewhat puzzling to the ancient peoples of West Africa.

Much has been made, as you know, of tribalism in Africa and of the difficulties this social phenomenon presents for nation-building in the continent. But you, of all people, should have discovered that Canada is itself to some extent a nation of tribes. There are the English and French Canadian tribes, the Alberta tribe -- even my own Scottish Cape Breton tribe; but we prefer to call them language groups or provinces, or regions. And, of course, I don't have to tell you that interprovincial fights can sometimes be pretty rough! We have devised -- sometimes painfully -- in Canada a way to resolve these conflicts; we call it federalism, and I think that Africans could perhaps gain from a closer study of this quite remarkable political system. In due course, I am quite confident that we in Canada shall have something to learn from the way African states resolve various conflicts of interest between their own communities.

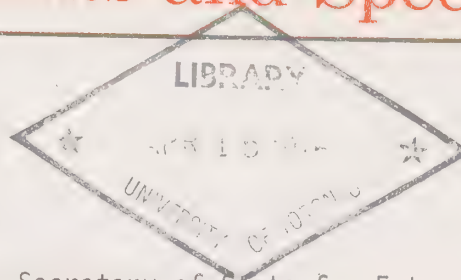
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# Statements and Speeches

No. 75/3



## LAW OF THE SEA

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Halifax Board of Trade, Halifax, February 25, 1975.

The people of Canada, and especially we of Nova Scotia, have no difficulty understanding how important the sea is to our very existence. Much of our past is directly linked to the sea; the daily lives of many of us depend on the sea; a good part of our future will come from the sea. That is why the Third United Nations Conference on the Law of the Sea, deserves our full attention and our best efforts.

The new legal order which is being sought for the oceans of the world will undoubtedly affect Canada in many fundamental respects -- from the points of view of our natural resources, our environment and our national sovereignty. Canada's geography alone, with its thousands of miles of coastline, and islands, its huge continental shelf and northern climate, will cause us to feel the consequences of a new law of the sea perhaps more than anyone else.

I should like, therefore, to tell you how we, in the Canadian Government, see the present situation; how we envisage the development of this new law of the sea; what the prospects for success are, and what the risks of failure are.

There was, as you all know, a first substantive session of the Law of the Sea Conference last summer in Caracas. For ten weeks, 138 sovereign nations -- each with one vote, let me stress -- attempted to draft an all-encompassing convention to regulate all of man's activities in, below, and above the sea -- that is, 70 per cent of the earth's surface. Little wonder that they could not finish their immense task, even though preparations had been going on for six years in the United Nations Seabed Committee. Some observers were quick to conclude that Caracas had been a failure for the simple reason that not a single text was approved. That is, in my view, a simplistic judgment. It ignores the real nature of the conference -- its methods of work, its overall objectives and, in a very real sense, the substantial progress made.

The conference has more than 100 major items and sub-items on its agenda. It must legislate on matters relating to the security and sovereignty of states, fisheries, mineral resources, both

hydrocarbons and hard minerals, marine pollution, marine scientific research, navigation, both commercial and military, international straits, archipelagos and islands, off-shore installations, land-locked and geographically-disadvantaged states, to name but the more important questions. All these questions are interrelated and the balance of interests within the 138 participating states is such that final resolution of one particular issue must of necessity await progress on all other issues. This is usually referred to as the "package approach".

Let me give you an example. It is well known that there already exists a very large majority of states in favour of an uniform breadth of 12 miles for the territorial sea. A vote could easily be carried tomorrow on that simple proposition. But there will not be a vote on this issue in the immediate future because a consensus has yet to emerge on a whole range of issues -- the nature of the rights and obligations of coastal states and of other states within that limit, the effect of such a limit on some of the most important straits used for international navigation, and the demand of many states for a much wider zone -- of 200 miles or more -- for the protection of coastal states' interests in marine resources and environment.

I am quite prepared to concede that this interrelation of issues and the resulting one-package approach make the task of the conference extremely difficult and lengthy. But fragmented solutions are out of the question. No nation is prepared to make concessions or to accept compromise formulae on a given point until it is satisfied that the overall solution strikes an acceptable balance between its diverse interests.

What is important, therefore, is to assess the general direction of the conference and relate it to Canada's essential objectives.

There is a clear trend towards the acceptance of a three-tier concept -- that is, an economic zone out to 200 miles, an international area beyond the economic zone reserved for the benefit of all mankind, and the application throughout the oceanic space of sound management principles for the use and preservation of the sea.

First, the economic zone -- that is certainly the area where progress was most evident at Caracas. I believe I can safely say that, whether or not the conference is altogether successful, the economic-zone concept is here to stay. That is to say that, within 200 miles of its coasts, a coastal state will have very substantial rights over the mineral and living resources of that

zone and more extensive rights than it now possesses over marine pollution and scientific research.

For Nova Scotians and Canadians in general, that is a most encouraging development. It means that in the very near future Canada will be able to exercise full control over the most important economic activities now taking place or that may take place in the future in our off-shore waters. To be realistic, I must point out that this does not amount to an automatic remedy to all the economic ills of our coastal areas. Such a panacea does not exist. But it does mean that we shall have the legal means and the necessary tools to put into effect sound management and conservation practices for the benefit of our own citizens, a power we have not had.

Let us consider for a moment what a 200-mile zone would do for Canada as far as fishing is concerned.

First, we shall acquire the exclusive right to manage all living resources within 200 miles from our shores. We shall have the final say in determining maximum or optimum sustainable yields for each species. We shall have the final say in establishing quotas, closed seasons, the size and nature of gear and the numbers, sizes and types of fishing vessels that may be used. We shall have the final say in licensing foreign fishermen, fishing vessels and equipment. In short, we shall have the exclusive power to prescribe any terms, conditions or regulations we consider necessary to govern the harvesting of all living resources and their proper management and conservation.

Secondly -- and this is perhaps the most important feature of the conception for the future development of our fishing industry -- we shall have the right to reserve to our own fishermen that portion of the total resource they have the capacity to catch in any given year. In practice, this means that, as our capacity increases, so does our percentage of the total catch. In principle, this percentage could reach 100 per cent.

We shall, therefore, manage the whole and be guaranteed our fair share of the proceeds. It does not mean, of course, the immediate exclusion of all foreign fishing vessels from our 200-mile zone. That would simply mean a waste of close to 70 per cent of the living resources now being exploited. It does mean, however, control of foreign fishing on Canadian terms. Of course, we shall continue to use international bodies such as the International Commission for Northwest Atlantic Fisheries (ICNAF) to exchange scientific data and catch statistics, as well as for the establish-

ment of joint research programs. But Canada, with respect to the resources of its zone, will have the last word as to who gets what, and who does what. The Government is now studying the ways and means to put into place, when the time comes, the proper mechanisms to exercise this widely-increased jurisdiction. Undoubtedly, for a long time to come, we shall have to enlist the co-operation of all nations fishing near our shores, particularly in respect of data-gathering. Indeed, such co-operation will be a condition of their continued operations within our zone.

We are also actively considering how to improve our surveillance and inspection capabilities. Already some use has been made of our naval units on the East Coast and contracts are out for new inspection vessels. We all agree that more has to be done in this field and we shall spare no effort to ensure the best use of all resources available.

Such are some of the benefits that can accrue to Canada if the 200-mile economic zone is accepted. That is good news. That is progress. But a 200-mile limit does not fully cover the Canadian case.

We must obtain recognition of our rights and needs beyond that limit if we want to protect adequately our natural resources in three particular situations. A strict 200-mile limit would leave out over 400,000 square miles of continental margin, mostly on the East Coast, 10 per cent to 15 per cent of our fish stocks, also on the East Coast, and would leave all of our salmon unprotected during that part of their lives they spend in the open sea.

We have an uphill battle to fight on these three issues. We have many allies, our negotiators have made great efforts to promote our legitimate cause and we are still confident of ultimate success as part of the overall accommodation the conference will, it is hoped, produce. But let us be realistic enough to see our main difficulties.

A second major trend has also emerged at the conference in favour of establishing the international area of the oceans as a zone reserved for the benefit of mankind. Almost all nations agree that the exploitation of manganese nodules -- those potato-shaped rock formations that lie all over the ocean seabed at depths of 15 to 20,000 feet and are rich in nickel, copper, cobalt and manganese -- should be carried out for the benefit of the whole world and not solely for the advantage of the technologically-advanced states. That is a concept Canada wholeheartedly supports.



Unfortunately, the conference has not gone very far beyond accepting this very basic concept. The practical implementation of the concept -- that is, the creation of a new international authority -- has given rise to a most serious confrontation between developed and developing nations.

This may seem to some Canadians a controversy so far removed from our essential preoccupations that it should not cause us to worry. There are, on the contrary, two very basic concerns that trouble us: One is that the two opposing factions on this issue attach such importance to its resolution that failure on this item might undo the whole conference. Our second concern is that, if a proper international legal regime is not established over the international area, we shall not only find ourselves faced with conflict between developing and developed states but we, as Canadians, might also suffer from an uncontrolled exploitation of mineral resources -- in particular of nickel -- which constitute a good part of our hard-minerals exports and on which entire Canadian communities depend.

Both for reasons of world-wide equity and our own domestic interests, we must do everything we can to set up a strong and economically viable international authority.

Finally, the third major trend at the conference can be expressed in terms of a growing realization by all states that the oceans must be managed in a rational manner as opposed to the *laissez-faire* attitudes of the past. While it is desirable to maintain the ocean as a major thoroughfare for commerce, communications and general exchanges between nations, the time of unfettered freedom that has so often led to abuse is over. Navigation, fishing, research and exploration must be permitted and encouraged, but they must also be made subject to appropriate controls, rules and standards.

Much of the debate that is going on has to do precisely with the reasonableness of such rules, their source and their enforcement. Canada has led the way in the protection of the marine environment. We have already legislated to control pollution in the Arctic and in the Gulf of St. Lawrence, the Bay of Fundy, Queen Charlotte Sound, Dixon Entrance and Hecate Strait. For all practical purposes we are already managing these coastal areas as we would like to see economic zones managed. We hope that the conference will endorse these concepts and will apply them universally, taking into account the interest of the world community in international navigation and the special ecological or geographical circumstances that prevail in certain parts of the world.

What, then, can we expect from the next session of the conference which will start in Geneva in less than three weeks?

Quite frankly, the mandate of the conference is so complex and the remaining differences of views so serious that we cannot realistically expect the Geneva session to terminate its task on every single item. What we can aim for is very substantial progress -- progress of such magnitude that we shall be in a position to see the precise contours of the package and to determine the timing of the final conclusion.

Let me be very clear. What we are seeking is an internationally-negotiated solution to a series of interrelated problems of great political and economic importance. Such an international solution is by far preferable to unilateral or even regional action. But time is of the essence, not only for Canada but for a lot of other countries.

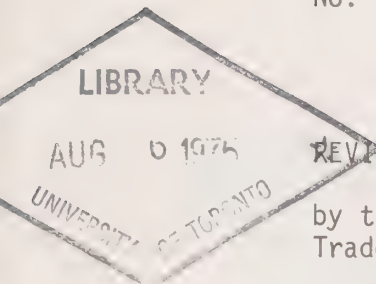
We shall not stand for a simple referral of the issues to one or more sessions unless we have reason to be confident in an early successful conclusion. That is a judgment the Government will have to make at the end of the Geneva session. As my colleagues and I have said repeatedly since Caracas, should the conference fail or procrastinate, we shall reassess all options and decide how best we can cope with our most urgent problems -- and the fisheries question is obviously high on the list -- in the light of prevailing circumstances.

The fundamental objectives I have just described are those that will guide the Canadian delegation when the next session of the Law of the Sea Conference opens in Geneva on March 17. On that delegation, as at Caracas, there will be representatives of the fishing industry as well as from the mining and shipping sectors. Parliament and the interested provinces will also be represented on the delegation. My colleagues the Minister of the Environment and the Minister of State for Fisheries and I intend to spend so much time at the conference. That indicates the importance we all attach to this next round of international negotiations. We hope that all of the efforts we have made over the years will result in complete success and better protection of Canada's vital interests in the oceans.



# Statements and Speeches

No. 75/4



## REVIEW OF CANADA'S ECONOMY IN 1974 and OUTLOOK FOR 1975

by the Honourable Alastair Gillespie, Minister of Industry,  
Trade and Commerce.

### Highlights of 1974

Almost alone among the industrialized countries of the world, Canada again achieved a significant rise in overall production and employment in 1974. The gross national product (GNP) in Canada increased by about 4 per cent in real terms compared to zero growth for OECD countries as a whole and a decline in output in the United States. Employment also rose by about 4 per cent.

In dollar terms, the GNP rose to nearly \$140 billion, an increase of over 17 per cent. Much of this rise was accounted for by the high rates of inflation, now facing the industrial world. While the rate of inflation in Canada was somewhat below the average of other industrial countries, it was still considerably above 1973 rates.

Much of the increase in output occurred as a result of rising industrial activity early in the year. In more recent months, the upward tempo in economic activity has slowed in response to the international economic climate.

This change to a slower pace followed more than three years of above-average rates of growth, during which the Canadian economy has operated at levels close to capacity.

### Labour markets

Favourable business conditions supported a generally strong labour-market situation in 1974. Employment again rose faster than in most postwar years. There were about 350,000 additional jobs, representing an increase of about 4 per cent over 1973.

Despite this increase in jobs and a high job-vacancy rate, unemployment remained at about 5.5 per cent of the labour force, about the same rate as in 1973. The labour force continued to grow at an unusually high rate.

### Major domestic demand influences

Canada's superior economic performance was due principally to the continued strength of domestic demand. A major stimulus was provided by a 21 percent increase in total capital investment, and more particularly a 38 percent increase in investment by manufacturing firms, which went largely to expand plant capacity and thus to eliminate shortages.



Residential construction was strong in the first half of 1974, but activity slackened perceptibly in the housing industry toward the end of the year because of sharply higher mortgage interest rates and a reduction in available mortgage credit in the private sector.

Consumer expenditures maintained their upward trend, in part because of a further advance in real disposable income *per capita*. Large price increases, particularly for food, had some limiting effect on the increase in consumer expenditures in real terms.

But, in sharp contrast to the situation in the United States, the volume of Canadian car sales was only a little lower than the record level set in 1973. Canadians also increased their spending over the previous year for non-durable goods and consumer services. The demand for urban housing accommodation remains high even after record rates of construction in each of the past three years.

Government expenditures continued to be a major stabilizing factor. While rising quite strongly in dollar terms, government expenditure on goods and services declined slightly as a proportion of the GNP.

#### International influences

The international framework for the Canadian economy in 1974 has been one of increasing uncertainties. Because of the wholly changed oil-supply and -price situation, those major overseas countries dependent on imported oil for their energy needs have been faced with trade deficits of unprecedented magnitude.

Another problem has been the rate of inflation, which accelerated on a world-wide scale in 1974. The concerted effort by major industrial countries to deal with inflation and contain their balance-of-payments deficits has led to a sharp curtailment of economic growth and thus to reduced demand for Canadian exports.

The decline in industrial output in the United States has naturally been of special concern to Canada. The exceptional weakness of automobile sales and of housing construction impinges particularly on the automobile and lumber industries in Canada.

Nevertheless, world markets continued strong throughout most of the year for many mineral products, and for most food products and capital goods.

#### Foreign trade

In dollar terms, Canada's exports rose by about 28 per cent over 1973 levels, to about \$32 billion in 1974, an increase even larger in percentage terms than the record increase achieved in 1973. This was mainly owing to large price increases in a number of Canada's major commodity exports, such as wheat and other grains, petroleum,



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wood pulp, copper and zinc. The physical volume of Canada's total exports declined somewhat from 1973 levels.

Export sales to the United States, Canada's principal trading partner, increased in value by close to one-quarter, or about the same as in 1973. Again, this increase reflected higher prices only. In volume terms, Canadian exports to the United States declined, one of the few times that this has occurred in the period following the Second World War. The fall-off in this key market clearly reflects the current recession in the United States, and especially the weak United States market for new cars and houses.

Overseas markets have shown a larger percentage rise in Canadian export purchases than the United States, although economic slow-downs in several of the major industrial countries have meant that the actual volume has risen only slightly, if at all. Exports to Latin America have shown the largest increase on a percentage basis, followed by quite substantial gains in the value of exports to the European Economic Community, Japan and Commonwealth markets outside the United Kingdom. Canadian exports to the United Kingdom rose at a slower pace than those to any of our other principal markets.

Commodities contributing most to higher export values in the past year included wheat, copper, crude petroleum, natural gas, wood pulp, newsprint, fertilizers, petroleum and coal products and aluminum. Increases in the volume of exports were shown for such commodities as wood pulp, but most notably for machinery and equipment.

Continuing economic growth in Canada, although at a moderating pace, has sustained high import demand. The value of imports rose about one-third in 1974, to about \$31 billion, reflecting a moderate increase in import volume and in import prices. There has been a major upward shift in the value of imports from oil-producing countries because of the tripling in oil-prices that has taken place since late in 1973.

The faster rise in imports than in exports has meant a decline in Canada's merchandise-trade surplus, to less than \$1 billion in 1974 compared to a surplus of over \$2 billion in 1973. Owing to the smaller trade surplus and a small increase in the "invisibles" deficit, Canada's current-account payments deficit with other countries has widened in 1974 to a total of somewhat under \$2 billion from a total of less than one-half billion in the preceding year. This deficit is modest, however, compared with the huge imbalances incurred by most OECD countries in 1974.

Industrial trends    Despite a levelling-out in business trends following the opening

few months of the year, production of goods and services in 1974 was again higher than in the previous year. The volume of industrial production was up between 3 and 4 per cent over 1973 levels, although this was a reduction from the annual increases of about 8 per cent in each of the two preceding years. An important element in the slower output rise was the extensive loss of production owing to industrial disputes.

Earlier in the year, the industrial economy operated close to capacity. However, as the year progressed there were indications of increasing slackness in several major industrial sectors, with layoffs and reduced hours of work more in evidence in the late fall than has been usual in the past two or three years.

Transportation-equipment industries remained close to the very high tempo of activity reached in 1973. Motor-vehicle production fell only a little short of last year's 1.6 million units. While output of passenger-cars was down slightly for the year, commercial vehicles showed a significant increase. There were also higher levels of production in the railway rolling-stock and shipbuilding industries.

Continuing strength in business-capital investment bolstered activity in Canada's industrial- and electrical-equipment industries and in machinery manufacture. These sectors have shown solid increases in 1974, and were sustaining high levels of activity as the year drew to a close.

Owing to very high demand for steel in domestic and international markets primary steel production has again advanced and reached a record level of almost 15 million tons for the year. Aluminum production also showed a significant gain over 1973 levels.

In the non-durable sector of manufacturing, there were important increases in production of chemicals, leather, fertilizers and petroleum and coal products.

Primary and resource industries have shown mixed trends over the past year. In general, market demands continued to be strong for pulp-and-paper products, and the industry operated at a higher rate of capacity than in 1973. The lumber and plywood sectors, on the other hand, have experienced slackening demand and falling prices for their products. Metal-mining and -processing industries (other than steel and aluminum), which were under great pressure of demand last year, have also seen a falling-off in orders and a downturn in prices as a result of the economic slowdown in several major industrial countries.

Canada's economic prospects in 1975

It is evident that the rate of economic growth in Canada has lost some of its earlier momentum in recent months following an extended period of rapid advance. At the same time, there are clear indications of considerable resilience in important domestic market demand sectors, which may be expected to support continuing real growth in 1975, although at a somewhat slower pace than in 1974. The Canadian economic performance is expected to continue to be superior to that of our principal trading partners, as it has been in the past year.

International factors

The principal threat to the growth of production and employment in Canada in 1975 comes from abroad. No matter what may be done by Canadian Governments to stimulate domestic demand, Canada, with its heavy dependence on sales to world markets, cannot fully escape the effects of an international recession.

The current expectations are that a widespread recovery in economic growth will not occur in Canada's major trading partners until well into 1975. Any major external stimulus to the Canadian economy will be similarly delayed.

The slack in world industrial economies suggests less-intense upward pressure on world prices in the coming year. Other factors indicating a modest slowing in inflation are the apparent elimination of most material shortages, a reasonable likelihood of better harvests, and the possibility of better productivity performance once world economies resume growth. These factors, together with the decline that has already taken place in the prices of some industrial commodities and a marked easing in the rate of increase in energy and food costs, make the prospect increasingly favourable for a generally more moderate rise in prices in 1975. However, upward pressures on costs are expected to continue and the rate of inflation will remain high by historic standards.

Domestic demand factors

As in 1974, the strongest element in Canada's domestic demand in 1975 is likely to be business-capital investment. Important indicators of business intentions, and the large volume of work already in progress, signal a continuation in 1975 of vigorous business-capital spending trends, despite increased uncertainties about costs and softer markets.

An October survey by the Department of Industry, Trade and Commerce of 220 large corporations representing a substantial part of Canadian industry indicates substantial new growth in capital spending. These large corporations plan to raise their expected outlays on new construction, machinery and equipment by 30 per cent in 1975, which would imply a somewhat greater advance in volume than had been estimated for 1974. All industrial sectors, other



than oil and gas pipelines, indicate upward revisions of intention over those indicated in a similar survey made earlier in the year. The increases in intentions are largest for manufacturing, oil and gas, and electrical utilities sectors. Relatively few businesses seem to have allowed recent changes in the business climate at home and abroad to exert a negative influence on their capital-spending intentions. The general view appears to be that current adverse factors are predominantly short-run in nature.

This further expansion in business investment, as well as the strengthening of disposable incomes of Canadians through income-tax cuts and increased transfer payments, will be an important stimulus to the economy in 1975. Lower interest-rates and a number of measures to provide stronger incentives for new home building should bring about some recovery of residential construction, which slackened during the latter months of 1974. Taken together, these factors will sustain private expenditures and promote a further increase in real output in 1975.

Foreign trade Canada's foreign-trade prospects in 1975 continue to be affected by the temporary lack of growth in the economies of our principal trading partners, notably the United States, Japan and the United Kingdom. Modest recovery in most of these markets may be expected to be under way during the course of the coming year, assuming an easing in policies of restraint. Initially, however, the resurgence of economic activity abroad is likely to be slow and may provide only limited additional demand in volume terms for Canada's export products in 1975.

In dollar terms, a further substantial increase in exports may be expected in spite of softening prices for some of Canada's resource exports. An increase in value terms of somewhat more than half that obtained in 1974 may be expected in 1975.

Meanwhile, Canada's economic performance in 1975 should contribute to a continuing strong import demand. This is likely to be reinforced by the ambitious capital-investment program now under way, since many of the investment goods required will be imported.

Lack of major growth in export markets and persistent firmness in imports are likely to mean further deterioration in Canada's commodity trade balance, which may shift from a moderate surplus of under \$1 billion in 1974 to close to balance next year.

Policy challenge In the past year, the international, financial and economic structure has had to withstand severe problems created by inflation, fluctuating exchange-rates and massive imbalances in trade resulting from high oil prices. The challenge will continue in 1975 and



beyond. This strain, accompanied by mounting international debts, may tempt some countries to try to eliminate their deficits at the expense of others. To yield to this temptation would be self-defeating and would only worsen the world economic situation.

For its part, Canada continues to place the highest priority on the liberalization and enlargement of international trade. The international situation requires a continued patient building of bridges between nations rather than the erection of new trade barriers.

The Canadian Government supports the International Monetary Fund and the World Bank and looks to them to provide the focal-points around which to maintain and strengthen the international co-operation needed in present circumstances in relation to such problems as balance-of-payments adjustments, recycling of "petrodollars" and aid to less-developed countries. The Government also supports the General Agreement on Tariffs and Trade, which it is hoped will be embarking in the coming year on a new round of negotiations to improve access to world markets. It is a major instrument aimed at providing a stronger framework within which world trade can develop.

We are fully conscious of our primary responsibility to further the growth of Canadian trade. All departmental resources are committed to the support of co-operative arrangements among nations to meet the challenge of these critical international problems.

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# Statements and Speeches

No. 75/5

## IN THE WAKE OF THE WORLD FOOD CONFERENCE -- FOOD PRODUCTION AND RURAL DEVELOPMENT

An Address by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Commonwealth Ministerial Meeting on Food Production and Rural Development, London, England, March 4, 1975.



★ It is fitting that Commonwealth members, committed as they are to the social and economic betterment of their peoples, should confront the interlinked problem of food production and rural development -- and determine how the Commonwealth can assist.

It is essential that any proposals for practical collaboration should benefit member countries directly and reinforce the spirit of Commonwealth collaboration that heads of government defined at the meeting in Ottawa in 1973.

With the increasing attention being paid to food production and rural development throughout the world -- especially in the wake of the World Food Conference --, this meeting must ensure that any activity undertaken through our Commonwealth supplements and reinforces -- and does not duplicate -- activities being undertaken elsewhere. Within the framework of existing bilateral programs between Commonwealth countries the meeting may well recommend new and potentially fruitful areas of co-operation which could influence policy decisions.

One step that could help in this co-operation is the possibility of creating a Food and Rural Development Division within the Secretariat. Ministers will doubtless wish to examine this suggestion. Should productive areas of operation for such a division emerge from discussion, Ministers could recommend to governments a particular role for the division. In my view it could provide an information clearing-house for member governments and an advisory service to the Commonwealth Fund for Technical Co-operation. As well, there should be involvement, as appropriate, of the existing Commonwealth Agricultural Bureaux in whatever recommendations are made -- a practice that would ensure maximum involvement by pertinent Commonwealth organizations.

Let me turn now, briefly, to the World Food Conference and review the follow-up action that is being taken internationally and by Canada.

It was understandable that many delegates to that conference from developing countries were preoccupied with the urgent short-term problems arising from a rapidly deteriorating world food situation. This made it difficult to place proper emphasis on the resolution of longer-term food problems and of increased agricultural production -- especially in developing countries -- that represented a major objective of that conference.

Nevertheless the conference did achieve agreement on a number of important institutional issues:

- (1) The establishment of a World Food Council.
- (2) The establishment of the FAO Committee on World Food Security.
- (3) The setting-up of a Committee on Food Aid Policies and Programs.
- (4) The creation of a global information and early warning system.
- (5) The establishment of a consultative group on food production and investment of the IBRD, FAO and UNDP.
- (6) The creation of the framework for an international fund for agricultural development.

Discussions are now taking place or are scheduled in the very near future to advance each of these matters. In keeping with Canada's role at the conference, we intend to take part in these discussions in the spirit that was developed at the Rome Conference. In the three months or more since the conference, we, in Canada, have been occupied translating our pledges into realities.

We did pledge one million metric tons of food grain annually for each of the next three years to help overcome the short-term food shortages. Plans are nearly completed for the allocation of this grain to bilateral recipients and multilateral organizations. In keeping with our pledge to channel at least 20 per cent of our food-aid through multilateral agencies, a significant portion of the one million tons will be made available to the World Food Program.

We also pledged to make available immediately \$50 million of aid funds to assist some of the most seriously distressed countries. This total sum has been fully committed to the provision of fertilizers, and food-aid shipments are now being made. We



are deeply aware that measures of this kind are but the first steps on a long road. This conference is a further step down that road to improving the economic well-being of the developing world. I think this conference must concentrate on the basic long-term priorities -- the increase in food production, the improvement of nutrition, and the advance of rural development. This conference is concerned with efforts to improve the lives of the rural poor who represent some 40 per cent of the total population of developing countries -- about 750 million persons. Canadian efforts will concentrate on increasing the productivity of rural people by enhancing the means of production at their disposal.

To help meet demands of this magnitude we have been engaged in Canada in developing a new broad strategy for Canadian development assistance, which is now in its final stages. It is intended to provide, among other things, new guidelines that should result in a greater capacity to respond to the changing priorities of developing countries.

In addition, other policies of government that affect Canada's relations with developing countries are also being re-examined with a view to ensuring a consistent approach to the development of a stable and equitable world economic environment.

Within the broad dimensions of this strategy, we have been reassessing our development-assistance programs in order to enlarge them and make them more effective in the renewable-resources sector. Through our bilateral and multilateral aid programs, we have been involved in a wide range of activities in this sector -- for example, the provision of fertilizer, research in dryland farming, water-resource evaluation, the development of wheat farming and beef and dairy projects, and the development of storage and bulk-handling facilities. We can also extend our activities in fisheries and forestry.

In agriculture, Canada is strong in the production of cereals such as wheat, oats, rye, barley and maize, and in oil-seed crops such as rapeseed, sunflower seeds and soy-beans, as well as starch crops like potatoes. We have a strong technology in dryland agriculture. Most of our cereal crops are grown in areas with under 20 inches of annual rainfall. In other agricultural technologies, we are good in the soil sciences, animal-breeding, animal nutrition, and crop storage and processing. We are using these strengths as a back-up for our international development work. There are many projects and programs drawing upon our expertise in these areas. Here are just a few examples:

In India, there are Canadian scientists working with their Indian colleagues adapting Canadian dryland technology to a variety of Indian soil and climatic conditions. They are also working on scaling down large-sized Canadian minimum-tillage implements to small mechanical or ox-power systems. In Tanzania, Canadian scientists and practical farmers are opening new lands to wheat-farming. In Lesotho, we are helping to sort out areas suitable for a variety of oil crops and, if successful, we shall help with the technology for growing, harvesting and processing.

But we have our limits. We manufacture relatively few agricultural implements and practically no tractors. One of our biggest constraints is the fact that we do not have many professional agricultural personnel available for development work, even though we are placing more emphasis on training and recruiting for work abroad. Specialized manpower is a great lack, though perhaps we may yet find a way to tap the extensive knowledge that exists among our farmers. Finally, although we are the largest *per capita* donors of food aid in the world, there are clear limits to the amount of agricultural land in Canada located in a climate suitable for crop or animal production.

In fisheries, Canada has a highly-developed capability in biological research, exploratory fishing, resource management and quality control. Fisheries-development planning and resource management are two particular areas in which Canada has been involved in projects in several Commonwealth countries in Asia, the Caribbean and Africa.

We know there are limitations not only to our food production capability but to the extent to which Canadian experience is immediately relevant to the problems of rural development in developing countries. From Canadian experience, we have learnt that rural development is damnably difficult. As I have indicated, we are re-examining our international assistance operations in an effort to make them meet more effectively the needs of our partners in development. What we hope to hear at this conference from our developing-country partners is some plain talk about their priorities. We want to match our response more closely to their needs....

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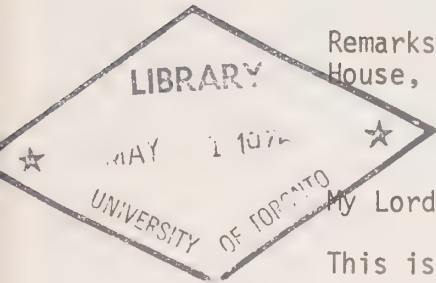


# Statements and Speeches

No. 75/6

THE CONTRACTUAL LINK -- A CANADIAN CONTRIBUTION TO THE VOCABULARY OF CO-OPERATION

Remarks by Prime Minister Pierre Elliott Trudeau at the Mansion House, London, England, on March 13, 1975.



My Lord Mayor, Your Excellencies, My Lords, Ladies and Gentlemen,

This is an eventful day for me, and one of great honour. An hour or so ago I was granted the freedom of the City of London. Now I am given the opportunity to speak to a distinguished audience in this historic chamber, a room that twice heard the voice of one of the great figures in Canadian history, Sir Wilfrid Laurier, shortly before and shortly after the turn of this century.

These are moving events, these appearances at the Guildhall and Mansion House, and of great significance. Not significant because they are happening to me. Nor even, in my view, because of their form or their antiquity. They are significant because they take place here, in Britain. In no other country in the world has the conception of "freedom" been so debated, its meaning so extended, its practice so protected.

To be a free man anywhere is a condition of great moment, but to be a free man in England -- to breathe Lord Mansfield's pure air -- is more; it is an exhilarating experience.

Through the centuries, man's quest for freedom has varied in its focus as tyranny has assumed new forms and threatened from new quarters. On one occasion the tyrant has been the Crown; on another, the Church. At one moment, the threat proceeded from a domestic source; at the next, it came from without the realm.

Throughout this tireless and changing pursuit of freedom, the attainments of the British people have become the standards against which men and women, world-wide, have measured their own accomplishments. The milestones of Magna Carta and Habeas Corpus, the Petition of Right and the Bill of Rights, have become models for societies everywhere; they turned the tide of battle in favour of the classical freedoms -- of speech, of conscience, of association, of assembly. Yet the result has not been permanent social tranquillity, in England or elsewhere. Nor should we be surprised. I doubt that any of those great observers of the English scene -- Bracton or Locke or Burke or Bagehot -- ever believed that



political freedom would not, and should not, be employed to seek the betterment of other aspects of the human condition. And such has been the case. Having established firmly the principle of the positive freedoms -- the freedoms "of" --, we now find ourselves involved in a struggle to establish with equal sanctity the negative freedoms -- the freedoms "from": from want, from hunger, from disease, from nuclear holocaust, from environmental degradation.

And we find that this struggle is more complex, more awkward, and more wide-ranging than we had thought possible. There is no single tyrant here -- no evil King, no zealot of the Church against whom we can focus our energies and direct our strategies. Equally, there is no immediate and identifiable challenge to our well-being that can be laid low with a single outburst of passion and courage -- no St. Crispin's Day, no Trafalgar, no Star Chamber advocacy. What involves us today is a struggle of far greater proportions, yet with far fewer handles for men and women to grasp. It is not the absence from the scene today of a Pitt or a Churchill that causes men and women to wonder in what direction humanity is pointed; it is the nature of the adversary. More than eloquence and more than leadership is required to come to grips with monetary imbalances, nutritional deficiencies and environmental pollution. Not a Shakespeare nor a Wordsworth nor a Kipling could translate into stirring words the requirements for commodity-price stabilization or nuclear non-proliferation. Yet these struggles are the essence of life on this planet today. They are not struggles that can be confined to a law court or a battlefield or a House of Commons; they require institutions and regimes of immense dimensions and novel attributes; they call -- in the final analysis -- for world-wide co-operation, for they demand that we struggle not against other human beings but with other human beings. They demand a common cause of humanity.

In this cause, we all -- Britons and Canadians -- have a vital role to play. We must not assume, however, that that role is dictated by altruism, any more than we should think of it as selfish. It is in our interest, as it is our obligation, to contribute our skills and our experience and our disciplines to the solutions of the immense problems that face mankind today and that threaten freedom in new and unprecedented ways. These problems will require of us decisions no less courageous and no less momentous than those faced by the barons of the early thirteenth century as they drafted Magna Carta. Yet those decisions, if wisely taken, will have an impact on the world no less startling and no less lasting than that of Magna Carta. For now, as in 1215, the world is ready for those decisions.



Professor J.C. Holt has written of Magna Carta: "The barons did not talk of free men out of loftiness of purpose, or make concessions to knights and burgesses out of generosity. They did so because the political situation required it and because the structure of English society and government allowed them to do no other."

It is my submission that now, 760 years after the event at Runnymede, the changes that must be incorporated into the international system can be justified in similar language: "The political situation requires it; the structure of world society and institutions allows us to do no other".

We have, at this moment in time, an opportunity to recognize and arrest the inertia that threatens to plunge all too many societies into a vast labyrinth of confusion and despair. The first step in that process is acceptance of two facts: the interrelationship of all countries, and the interconnection of all phenomena. The acceptance, in brief, of what each of the world's cultures has been proclaiming for centuries -- that we are all brothers.

Only recently has evidence emerged establishing beyond doubt that this brotherhood exists in the realm of actuality as well as in the realm of theology. The evidence is a product of human accomplishment. Man's past successes in removing so many of the great barriers of distance and time and mystery have created a world far different from that known in previous centuries, or in previous decades. It is different because those old barriers hindered more than migration. They defined the natural limitations of conquering armies, of famine and plague, of catastrophes, both natural and man-made.

Today those barriers are gone. There are no bulwarks behind which we can retreat in order to stave off or avoid calamity from abroad. And if there are any who believe otherwise, they are fools. Nations that are told that they can exist and flourish independent of the world are being misinformed. Leaders and opinion-makers who claim the existence of simple solutions to sweeping issues have forfeited their claim to office, be it in Whitehall or Fleet Street or Russell Square. Citizens who accept uncritically such siren songs are not discharging their responsibility as free men and women in democratic societies.

We are one on this earth. Each has the power to injure all others. Each of us must assume the responsibility that that implies. And each must understand that the nature of that injury is not ephemeral and it is not transient. It can be real and it can be

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permanent. Co-operation is no longer simply advantageous -- in order to survive, it is an absolute necessity.

Yet ironically, and fortunately, it is this very situation that is so promising, as was a different situation so promising to clear-eyed men in 1215. Fearful though I am of the havoc that will be the inevitable result of continued selfishness and indifference, I am far from despondent, for I believe in the human quality of man's instincts and in the essentially rational behaviour of which he is capable.

Those instincts have lifted him from a solitary hunting animal to an intensely social being, aware of the advantages that flow from co-operation and from the sharing of tasks, aware of the benefits that follow when new structures are set in place to facilitate that co-operation. The history of mankind has been shaped in large measure by men and women who have acted as architects of social organization. Their works remain on view in the simplest villages and in the largest metropolises. Remaining as well for historians to assess are those accomplishments of international organization -- and the equally grand failures -- that have marked the past three decades. In many instances, these institutions are still too new, still not sufficiently formed, to permit final judgment. Even while pursuing the understandable, and altogether proper, desire for evolution and modification, the instinct that lay behind the original plan demands praise. One such example, and one such architect, is the Europe of Jean Monnet. Monnet's instinct, seasoned with his gift of foresight, fired the imagination of a generation of men and women. He gave fresh impetus to the age-old desire to fashion new techniques of co-operation, to erect new structures within which the ever-more-complicated tasks of society could be managed and discharged. The construction is far from complete, as we have seen this week, but the edifice is already so commanding in its presence that societies far distant -- of which Canada is one -- cannot disregard it. And so I have come to view it at first hand. On this occasion, as last October, Lord Mayor, I am in Europe to meet with heads of government of member states of the European Economic Community. I have conveyed to each of them, as I did to the European Commission in Brussels, the desire of Canada to enter into a contractual relationship with the Community -- one that would ensure that both the Community and Canada would keep the other informed, would engage regularly and effectively in consultations, would not consciously act to injure the other, would seek to co-operate in trading and any other activities in which the Community might engage.

We have described our goal as the attainment of a contractual link. Because we do not know -- indeed Europe does not know -- how far or how fast its experiment in integration will take it, or what form it will assume on arrival, no overall agreement can be laid in place at this time. But what can be done is to create a mechanism that will provide the means (i.e., the "link") and the obligation (i.e., "contractual") to consult and confer, and to do so with materials sufficiently pliable and elastic to permit the mechanism to adapt in future years to accommodate whatever jurisdiction the European Community from time to time assumes.

In each of the capitals I have visited I have been heartened by the willingness of governments to examine such a conception. Nowhere have I found it necessary to emphasize that Canada is not seeking preferential treatment or special advantages -- for this would be contrary to the GATT -- but only a guarantee of fair treatment at the hands of an economic unit rapidly becoming the most powerful in the world. In the interim since my visit to Europe last autumn, a series of exploratory talks has commenced with the object of constructing a framework within which formal negotiations will take place.

The extension in this fashion of co-operation among industrialized nations and the creation of co-operative institutions are important functions and necessary ones. Yet, however well-designed and sturdily-built, these structures will crumble away and be regarded by historians of the future with the same air of detachment now visited upon archaeological ruins if they are not extended still further and made global in their reach and in the distribution of their benefits. Happily, this very extension is now under way. There has been a step toward redemption of promises extended on several occasions that the European Community would not submit to the temptation and false luxury of looking only inward. In recent days, a historic agreement has been concluded between the community and a number of developing countries. This agreement is an admirable contribution to the resolution of the broad differences that currently exist in the attitudes of many of the developing and industrialized countries toward the international economic structure. The demands of the developing countries have been carefully formulated and powerfully articulated. They reflect a sense of frustration and anger. Those countries seek no piecemeal adjustments but a comprehensive restructuring of all the components -- fiscal, monetary, trade, transport and investment. The response of the industrialized countries can be no less well-prepared and no less comprehensive in scope. But we should be very wrong, and doing ourselves and our children a great



diservice, if we regarded this process as an adversary one. We should be foolish as well, for solutions are not beyond our reach.

The human community is a complex organism linked again and again within itself, and as well with the biosphere upon which it is totally dependent for life. This interdependency demands of us two functions: first, the maintenance of an equilibrium among all our activities, whatever their nature; second, an equitable distribution, world-wide, of resources and opportunities.

The proper discharge of those functions calls for more than tinkering with the present system. The processes required must be global in scope and universal in application. In their magnitude, if not in their conception, they must be new. Of their need none can doubt.

We know in our hearts what has to be done, even if we have not yet found in our minds the way it can be done.

Let us begin the search, and let us do so with boldness and with excitement, not with hesitancy and uncertainty. The past quarter-century of increased political independence, increased industrial development, increased commercial trade, and increased affluence was not the product of timid men. Nor will be the accomplishments of the forthcoming period of total interdependence.

The key, as in all accomplishments of worth, lies within the scope of individual men and women. It is found in their attitudes toward others. The role of leadership today is to encourage the embrace of a global ethic. An ethic that abhors the present imbalance in the basic human condition -- an imbalance in access to health care, to a nutritious diet, to shelter, to education. An ethic that extends to all men, to all space, and through all time. An ethic that is based on confidence in one's fellow man. Confidence that, with imagination and discipline, the operation of the present world economic structure can be revised to reflect more accurately the needs of today and tomorrow. Confidence that those factors that have the effect of discriminating against the developing countries can be removed from the world's trading and monetary systems. Confidence that we can create a trading order that is truly universal and not confined to or favouring groups defined along geographic or linguistic or ideological or religious or any other lines. Confidence that access to liquidity for trade and for development will not be restricted by factors other than those accepted by all as necessary in order to contribute to the health of the entire world system.



In the calculation of this new balance, we must aim for nothing less than an acceptable distribution of the world's wealth. In doing so, the inequities resulting from the accidental location of valuable geological formations should no more be overlooked than should the present unequal acquisition of technological and managerial skills. Nor should we be reluctant in encouraging those willing to help themselves. We must encourage and offer incentives to peoples who -- given the opportunity -- are willing to exercise self-discipline, to demonstrate tolerance, to work industriously.

The attainment of a goal of wealth-distribution does not require the replacement of the present international monetary system, nor does it require a wholesale abandonment of the trading mechanisms employed with such success in the past, which have brought unprecedented levels of prosperity to increasing numbers of persons in all countries in the world. It does require, however, imagination and ingenuity and hard work -- of the kind that brought forward the recent Lomé trade, aid and co-operation agreement between the European Community and 46 developing countries in Africa, the Caribbean and the Pacific, providing, among other things, for the stabilization of the foreign-exchange earnings of these 46 countries from 12 key commodities; of the kind that entered into the recent recommendations of the International Monetary Fund and the World Bank concerning floating exchange-rates, developmental assistance, extension of the decision-making process, enhancement of the role of the Special Drawing Rights, and study of the feasibility of international buffer stocks of primary products; of the kind that will be necessary if Britain and Canada are to discharge their proper responsibilities at the Commonwealth heads of government meeting in Kingston next month, and in the many other international gatherings in the forthcoming months at which economic issues will be featured.

We shall find ourselves well started on this process through the simple acceptance of several self-evident propositions:

- (1) The need for continuing and intensive consultation and co-ordination of national economic policies;
- (2) the need for steady movement in the field of multilateral trade negotiations, and early liberalization of tariffs and non-tariff barriers in the GATT;
- (3) the need for strengthening the political direction of the International Monetary Fund and the governing structures of other international agencies;

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- (4) the need to implement with vigour decisions taken at the Stockholm Environmental Conference and the World Food Conference;
  - (5) the need to make progress at the Non-Proliferation Treaty Review Conference and the next special session of the General Assembly on development.

These needs are all challenges, Lord Mayor, but they should not be regarded as the gloomy prospect of avoiding Doomsday. Properly met, they can be joyous opportunities, permitting the introduction into the world of a dynamic equilibrium between man and nature, between man and man. The challenge is a challenge of sharing -- food, technology, resources, scientific knowledge. None need do without if all will become good stewards of what we have. And, to ensure that, we must concentrate not so much on what we possess but on what we are and what we are capable of becoming.

What I dare to believe is that men and women everywhere will come to understand that no individual, no government, no nation is capable of living in isolation, or of pursuing policies inconsistent with the interests -- both present and future -- of others. That self-respect is not self-perpetuating but depends for its existence on access to social justice. That each of us must do all in his power to extend to all persons an equal measure of human dignity -- to ensure through his efforts that hope and faith in the future are not reserved for a minority of the world's population, but are available to all.

This responsibility rests on each one of us. It is not transferable. Its discharge is not conditional upon the acts or the omissions of others. It demands that we care, that we share, that we be honest.

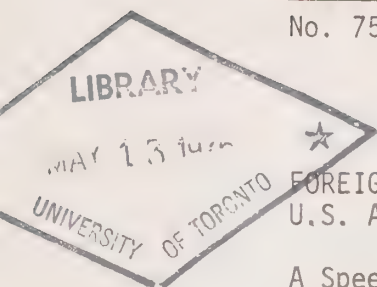
In this "global village" we are all accountable.

None of us can escape the burden of our responsibility. None of us can escape the tragedy of any failure. Nor, happily, will anyone escape the benefit, the joy, the satisfaction -- the freedom -- that will accompany the discharge of that responsibility.



# Statements and Speeches

No. 75/7



## FOREIGN INVESTMENT AND ENERGY -- AREAS OF VITAL CONCERN TO THE U.S. AND CANADA

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Center of Inter-American Relations, New York, March 19, 1975.

...Some Canadians may still think spontaneously of the relationship between the United States and the South American republics when they hear of "inter-American relations"; but I am well aware that we have substantial interests in common, since you have increasingly concerned yourself in recent years with relations between Canada and the United States. At a time when they are looking more and more outwards -- towards Europe, towards Japan, towards the Third World --, Canadians are, paradoxically, becoming more aware, in my view, of their North American identity.

I should like to talk to you about one of the great success stories of American diplomacy, a story that stretches well over a century, a story that is not much touted in books on world crises and long-drawn out conflicts for the simple reason that it belongs to quite a different category of history books -- I refer, of course, to Canada-American relations. At a time when many of you, like other Americans, may be in a questioning mood and even a mood of disillusionment about some of your country's involvements abroad, I take great pleasure, as Canada's Secretary of State for External Affairs, to remind you of this success story. Many Canadians get annoyed when their Government expresses such views, because there have been so many occasions to formulate them that they have become clichés; so I will not refer to the "longest undefended border in the world" and the rest of the folklore on Canadian-American relations.

Yet the fact remains that the United States has been for a very long time the very best of neighbours for Canada; and I believe that Canadians have reciprocated. What matters is that, as the relationship between our two countries appears to be going through a more difficult phase, both Americans and Canadians can derive hope and comfort from a quite remarkable record of friendly resolution of their grievances.

"Why is it, then," some of you may ask, "that, every time I pick up a newspaper, I seem to read about a new issue between Canada

and the United States?" Sometimes the tussle is over an environmental question, sometimes over energy, or trade or some other economic issue -- the so-called "irritants" in Canadian-American relations. We Canadians feel that the real state of affairs between our two countries has been somewhat over-dramatized recently. There has been a lot of talk about those "irritants"; but little has been said about the wide range of "lubricants" that still ease to a very considerable extent the day-to-day interface between our governments and, indeed, every segment of our two societies.

But the problems are real. They reflect the high degree of interdependence between Canada and the United States. They also result from new policies and approaches in Canada flowing from a process of national self-definition -- or redefinition -- and a reassessment of just what our national interests are. In pursuit of our respective national interests, decisions are made in either Canada or the United States that have an impact on the other, sometimes a very serious impact. Yet for Canadians there is an important additional dimension to the situation; for, although they are interdependent, our two economies are not of the same order of magnitude.

Let us look at some basic economic facts that reveal the imbalance between our countries. First, there is a ten-to-one ratio in your favour, roughly, between the two countries' populations and gross national products. Second, the United States provides markets for about 67 per cent of Canadian exports, but these make up about a quarter only of your imports. Third, the United States supplies about 69 per cent of our imports, but this is only a fifth of your overall exports. In fact, you absorb about 35 per cent of all goods produced in Canada; yet we buy less than 2 per cent of your output. The United States accounts for over 80 per cent of the total volume of foreign direct investment in Canada, while Canadian direct investors own less than one-half of 1 per cent of your corporate assets.

The United States' large-scale involvement in Canada has been a major postwar phenomenon and had reached the levels I have just cited by the early Seventies. Consequently, we needed to reassess the impact of such a high degree of economic dependence upon a single country, as well as the attendant and similarly lop-sided socio-cultural interaction between our two societies.

This was very much on our minds during the Canadian Government's 1970 foreign policy review; and the impact of an economic relationship with the United States, which is too exclusive, was placed



in even sharper focus by the economic measures adopted by the United States' administration in August 1971. Two things became gradually apparent to us.

The first is Canada's excessive vulnerability to the impact of the United States -- which, some Canadians felt, even undermined the rationale for the existence of Canada as a distinct political entity.

The second conclusion we reached was that, if the Canadian mouse so frequently found herself crowded in bed by the American elephant (to quote Prime Minister Trudeau's metaphor), it was largely because she had failed to seek out other bed-partners. Or, if I may be allowed to coin my own phrase, Canada had puritanically opted for strict monogamy in a polygamous world! We now realize the importance of the European Community. We are seeking to exploit the tremendous opportunities offered by Japan. We should do more in strengthening our relations with developing countries, with Eastern Europe, and with China and the countries of the Pacific basin.

Accordingly, we have sought to pursue in recent years national economic policies that would help to secure greater control over our own economic destiny; and we have devised a diplomatic strategy to diversify our international relations. For example, the Prime Minister of Canada returned only this weekend from a European tour that enabled him to explore areas of mutual interest, both bilateral and multilateral, with the leaders of five member-states of the European Community.

But I want to stress that our foreign policy seeks to supplement, and not to supplant, Canada's long-standing relations with the United States. Similarly, the ultimate goal of our economic policies is to strengthen the Canadian economy and enable us to become more mature, capable of holding our own in a more balanced, healthier relationship with the U.S.A. For the basic fact of Canada's geopolitical situation is that its links with the United States will always remain the single most important dimension of its foreign policy. Nor do we deplore this fact; despite the greater national awareness of recent years, the Canadian Government is very conscious of the quite extraordinary advantages resulting from Canada's proximity and traditionally close relations with the United States.

Let us consider one specific area of mutual interest and concern -- it has to do with investment. I am aware that concern is being voiced in the United States about our foreign-investment

review measures. Equally, we are very conscious that Americans are at present by far the largest group of outside investors in Canada. I should like, therefore, to explain the background to, and the nature of, our foreign-investment review measures.

The rapid growth in direct foreign investment in Canada is largely a post-1950 phenomenon. In the period 1950-1970, the book value of direct foreign investment rose from \$4 billion to \$26.5 billion. Ten per cent of this total investment is held by residents of Britain. Another 10 per cent, roughly, is held by other European countries and Japan. The United States accounts for about 80 per cent.

It is estimated that close to 60 per cent of our manufacturing industries, about half of our mining and smelting, and just over three-quarters of our petroleum and natural gas industries are controlled by residents of other countries. In certain sectors such as chemicals, automobiles, computers, transportation equipment and machinery, the degree of foreign control runs from 80 per cent to over 90 per cent. In fact, the degree of foreign control of industry is much higher in Canada than in any other industrialized country.

Canada's traditional policy towards foreign investment has been an open and receptive one. Unlike many countries, we did not have machinery to monitor and check investment flows. Indeed, Canada encouraged foreign investment as much as possible, recognizing that it was absolutely essential for its economic development.

Today, Canadians are much more aware than they were in the past of both the costs and the benefits of foreign investment. They want to minimize the costs and maximize the benefits to Canada. At the same time, they recognize that, as in the past, foreign investment has an important and necessary contribution to make to future economic growth.

It is against this background that the Foreign Investment Review Act was conceived. It represents an effort to establish more effective control over the economic environment and to obtain greater benefit for Canada, but on a basis that recognizes our need for foreign investment and our obligations to our economic partners in the international community.

The Foreign Investment Review Act applies across the whole economy and provides the Canadian Government with the authority to screen:

- (1) acquisitions of control of Canadian businesses by foreigners;
- (2) investments from abroad to set up new businesses; and
- (3) expansion of existing foreign-controlled firms into unrelated businesses.

The first part of the Act, concerning foreign acquisitions or takeovers, came into effect in April 1974. The other provisions, dealing with the establishment of new foreign-controlled businesses and expansion of existing foreign-controlled firms into unrelated business, have not yet been brought into effect. It may be noted that the powers and interests of the provincial governments are a factor of importance in this context.

The test that any foreign investment faces is whether it is, in the judgment of the Government, likely to be of significant benefit to Canada. The assessment is made on the basis of five criteria:

- (1) the impact on economic activity, including such factors as employment, the processing of Canadian resources, and the development of exports;
- (2) the degree and significance of Canadian participation in ownership and management;
- (3) the effect on productivity, efficiency, and technological development;
- (4) the effect on competition; and
- (5) the compatibility with national and provincial industrial and economic policies.

These criteria indicate that the Government is seeking to encourage improved economic performance. That is the main thrust of the review process.

Each case is reviewed on its own merits, every effort being made to be fair and reasonable to the potential investor. The record on the handling of applications supports this view.

Since the coming into force of the Act in April 1974, 121 certified takeover applications have been considered. Of this

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number, 52 have been allowed, nine disallowed, and 15 withdrawn. The remainder are still under review.

Our policy is to strike a balance between our continuing need for direct foreign investment and our desire, indeed our need, to exercise greater control over our economic environment. Foreign investment is still welcome in Canada; but we want to ensure that this investment will bring significant benefits to our economy. For we believe Canada can offer significant benefits to foreign investors.

I should like now to turn to another field of great and common concern to the United States and Canada: energy, specifically oil and natural gas. I should like to explain the background and direction of Canadian policy in this field.

First, let me speak about our imposition of a tax on Canadian oil exports to the United States. Although there is now a greater understanding of the Canadian position on the part of the United States Government, there continues to be much public confusion on this matter. When the export charge was instituted in October 1973, Canada was criticized for taking unfair advantage of the sharp rise in world oil prices that began at that time, and of the United States dependence on imported oil. What critics failed to realize is that our self-sufficiency in oil is more apparent than real. We are importers as well as exporters of oil in more or less equal proportions. About half our production is exported to the United States and the other half supplies that part of Canada west of the Ottawa Valley. Consequently, our Eastern provinces are totally dependent on imported oil purchased at world prices. With the increase in world prices, we could hardly continue to export oil to the United States at less than the going price. Also, one of the cardinal principles of our energy policy is that sales abroad must be at world prices. This is essential for an economy that relies to a large extent on the export of natural resources. Consequently, we imposed a tax on oil exports that reflects the difference between the domestic price and the world price. It is intended to ensure that we receive fair market value for our oil. As the domestic price moves upwards in line with the Government's objective of encouraging further exploration and energy conservation, the export charge will be correspondingly reduced.

A problem that has concerned people in the United States is the future volume of oil exports. It recently became evident that the extent of Canada's known reserves was not as great as had been previously estimated and that, at the current rate, pro-



duction would be depleted within a short time. At the same time, it also became apparent that alternate sources, in particular the Athabaska oil-sands, would probably come "on stream" at a slower rate, and a much higher cost, than we had assumed. The Canadian Government, therefore, decided, in the absence of new supplies becoming available, to gradually phase-out oil exports over the next ten years -- which means, in effect, oil exports to the United States.

We recognize that this policy involves some difficulty for the United States. The decision to phase-out our oil exports gradually reflected our awareness of the problems posed for some areas of the United States. But I think you will agree that it would be both economically and politically unsound for the Canadian Government to continue to supply markets beyond its borders at the expense of domestic requirements.

We also recognize, however, that there is a special problem for the oil-refineries in the northern Mid-West states -- the so-called "northern tier" --, which are completely or mainly dependent on Canadian oil. We remember that these refiners were the first customers for our oil in the Sixties. We certainly want to minimize the impact on them of changes in our export capability. We have told the United States Government that we are ready to explore possible ways of alleviating this problem, and indeed discussions are under way. We feel that some accommodation should be made for these refiners.

Natural gas poses another potential problem in our bilateral relations.

On January 1 of this year, the Canadian Government raised the export price of Canadian gas to \$1.00 a thousand cubic feet. This step was taken because it was found that Canadian gas was substantially under-priced in United States markets. The Canadian position is that gas exports should be priced in a competitive relationship to other energy commodities in the United States. Also, it has to be understood that inordinately low prices lead only to wasteful use and future shortages. The United States Government has recognized the need for a rise in price. The two governments appear to have adopted similar policy objectives.

The question of volume of export is more difficult. At present Canada sells about 1 trillion cubic feet of natural gas a year to the United States, which amounts to about 40 per cent of Canadian production. The problem is that, given the availability

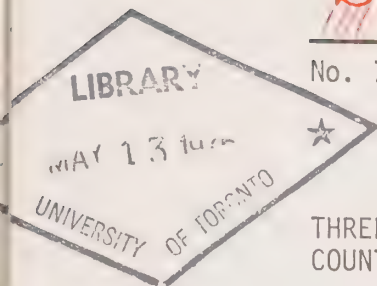
of known reserves, Canada could experience shortages in the near future unless other sources can be brought into production. The National Energy Board is studying this and will be reporting to the Government.

This whole situation shows how complex and, at times, difficult our bilateral relations have become. In these circumstances, it is all the more important that both sides strive to maintain what is fundamentally a healthy, friendly and mutually-beneficial relationship. It is essential that, as appropriate, prior notification, discussion, consultation and negotiation play a central role in the management of relations between the United States and Canada. To this end, it is vital that each country have an accurate understanding of what the other is trying to accomplish, and that each have the opportunity to put forward its own concerns for consideration by the other. That is why I have sought to explain to you Canadian policies on foreign investment and energy, two areas of vital interest to Canada and the United States.



# Statements and Speeches

No. 75/8



## THREE PARAMOUNT CANADIAN CONCERNS: RELATIONS WITH DEVELOPING COUNTRIES, THE UNITED NATIONS AND THE LAW OF THE SEA

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, March 11, 1975.

When I appeared before this Committee on October 22 last year, I dealt with the general framework of the Government's foreign policy and Canada's relations with its closest associates in the international arena. Consequently, I do not feel that I need say more at this time on the main thrusts of our foreign policy. Instead, I wish to speak about Canada's relations with the developing countries, about the United Nations and about the law of the sea.

developing countries Canada has long had friendly relations with its Commonwealth and *francophone* associates in Africa, Asia and the Caribbean, but it would be fair to say that a new phase is beginning in these relations. The Government's wish to put new emphasis on our relations with developing countries is motivated by a practical assessment of the international environment. It is not an emotional response to recent events at the United Nations and elsewhere.

Our reasons are as follows:

First, that is where the people are. Some three-quarters of the world's population live in developing countries; and people must eventually mean economic opportunities and political power.

Second, that is where much of the "action" is. Increasingly, the risks of confrontation, as evidenced by the so-called energy crisis, are shifting towards the resource-rich areas, although both East and West continue to concentrate their forces in Europe. The international community, in our view, will increasingly have to deal with situations of political instability, localized conflicts and other symptoms of fundamental social change in Africa, Asia and Latin America. The current efforts of Secretary Kissinger to bring about a peaceful settlement in the Middle East underlie the point I am making. We support these efforts and are ready to help in any way we can.

Third, we believe that we shall be increasingly affected, for better or for worse, by the dramatic process of political change, cultural modernization and economic development that is transforming these societies into substantial partners for Canada and other industrialized countries.

The countries of Asia, Africa and Latin America may not be as powerful as the United States, Europe or Japan, but they do have specific views and interests, which they perceive and formulate with increasing clarity at the United Nations. They already have the power to affect our daily lives. That is why we have to talk to their governments, find out what they think, brief them more fully on our own positions. That is why, among other things, I hope to visit five countries of West Africa in April of this year. That is why we must begin to adapt our development aid to new needs and conditions. We must also consider ways and means to expand our economic relations with the Third World beyond aid -- more trade, of course, but also more industrial investment, joint ventures and transfers of technology on mutually-acceptable terms.

Nor should we neglect the human and cultural dimensions. Developing countries are often the repository of some of the oldest and highest cultures in the world -- a repository, therefore, of ancient wisdom, art and literature which can be of immeasurable benefit to a young multicultural society like Canada.

International economic order      The developing countries today, even more than the industrialized world, find themselves beset by the problems of monetary instability, inflation, high food prices, and, not least, sharply-increased energy costs, with their severe implications for balance-of-payments positions. In this context, the developing countries naturally put special emphasis on trade in primary commodities. The bulk of their foreign-exchange earnings are derived from the export of raw materials and agricultural products. Although the market rise in some commodity prices in recent years has been a benefit, the recent softening of commodity markets is causing developing countries to feel that they are again facing a "boom-and-bust" situation.

They are also interested in a whole range of other issues, notably measures of trade liberalization, which will work to their advantage; the acquisition of modern technology; changes in maritime transport; international co-operation to ensure that multinational corporations operate consistent with their national interests; and an international monetary system that operates to facilitate their economic growth and participation in world trade.



Some of the proposals advanced by developing countries under these headings pose obvious difficulties. Not all have common support, for the interests of developing countries are not identical. It is misleading simply to equate exporter and developing-country interests. Nor can we ignore the fact that consumer and producer interests are related.

Much has been done internationally to tackle these problems of the developing world. The Generalized System of Tariff Preferences, the revision of quotas in the International Monetary Fund..., the affirmation in the Tokyo Declaration that additional benefits for developing countries would be sought in the multilateral trade negotiations are a few cases in point.

Moreover, in Canada almost all primary commodities, whether mineral or agricultural, enter our market free of duty. Indeed, 75 per cent of all developing-country exports to Canada bear no import duty.

We have initiated a review of Canadian policies that affect our economic relations with developing countries. We want to see -- as the international trade and payments system undergoes changes -- what additional measures are appropriate to ensure that developing countries are able to derive greater advantage from international trade, investment and finance. We must seek out areas where we can co-operate to increase their rate of economic growth and reduce their vulnerability to market forces. We, too, would benefit from such co-operation. The developing countries are important to us as partners in an interdependent world. But I should be less than frank if I left the impression that I expect Canada to reverse its international economic policies tomorrow. These policies centre on our relations with our major trading partners. Canadian industry and labour depend for their prosperity on these partners. Whatever changes we make -- and I should emphasize that there may be some difficult choices to make -- must take into account these traditional ties.

Our success in this effort depends upon the vigour of the world economy. There is no more urgent development issue. When production and demand falter, all of us, developed and developing, suffer. Our aim in seeking better methods of co-operation is also to encourage steady economic growth for all countries.

United Nations ...It is a truism that the United Nations reflects the concerns of governments and peoples and that, because every member of the General Assembly has equal rights in that body, it is the concerns of the majority of members that tend to dominate the proceedings.

For some years now this majority has been made up of those states that have gained their independence since the war and are, for the most part, developing countries. Two of their aims at the United Nations are to increase their share of the world's income by correcting, as they see it, the inequities of the world system of distribution of wealth, and to end the practice of race discrimination in southern Africa.

At the last session of the Assembly, the situation in the Middle East also became a major concern of the majority, partly because of the new wealth and prestige of the Arab members. The question I wish to raise is whether the majority has made the best use of its influence at the United Nations to bring these problems closer to solution.

At its sixth special session in April 1974, the General Assembly approved resolutions prescribing a new international economic order and a program of action in its support, despite reservations by a majority of industrialized countries, including Canada. The point I wish to emphasize is that these resolutions were not the result of negotiation between the various states involved; they represent essentially the views of the majority.

The same tactic was used at the last regular session of the Assembly to limit Israel's right of reply in the debate on Palestine and to reject South Africa's credentials, thus achieving its *de facto* suspension from the Assembly although not from the United Nations itself. Suspension is subject to the veto in the Security Council and this was exercised by the three Western permanent members. In addition, UNESCO has taken decisions excluding Israel from its European regional group and terminating UNESCO assistance to Israel.

The upshot of these various decisions, quite apart from the consequences for the parties involved, is, in our view, to undermine the credibility of the United Nations in the eyes of the minority group of states, mostly from the West, who opposed them. One might conclude that, in addition to a new economic order, the majority of members are hoping to establish a new political order based on their ability to interpret the rules of procedure and even the Charter itself as they wish.

The minority group includes those member countries that provide by far the greatest share of the United Nations' budget, as well as most of the money for the United Nations' development assistance programs. If they were to become convinced that the organization was no longer serving legitimate purposes, the consequences could

be serious. However, I do not believe the situation will move too far in this direction. Both the majority and the minority acknowledge that each has some justice on its side. For many years the West was able to control the General Assembly in its own interests. We cannot complain in principle that a new majority does the same thing today.

Canada agrees with those members of the minority, however, who object to practices that verge on the abuse of the rules. Nor do we see any solution in the adoption of resolutions that depend for their implementation on the co-operation of all, if the wishes of the minority are ignored. We spoke against such resolutions when we thought they were unworkable or improper, but we did not challenge the objective of the developing countries, to bring about substantial change in the world economic order.

What we must do is find new ways of making the United Nations a centre for harmonizing the actions of nations without subverting the principles of the organization itself, on the one hand, or of obstructing its capacity to facilitate change in the practices of international co-operation, on the other.

of the sea ...The next round of negotiations in the Law of the Sea Conference begins in Geneva on March 17 and runs to May 10. I should like to set out briefly how we see the present situation, and what the prospects appear to be.

The conference has more than 100 major items and sub-items on its agenda. All are interrelated and the balance of interests within the 138 participating states is such that final resolution of one particular issue must await progress on all other issues. This is the "package approach". No nation is prepared to make concessions or to accept compromise formulae until it is satisfied that the overall resolution strikes an acceptable balance between its diverse interests.

However, there is a clear trend towards a three-tier concept: first, an economic zone out to 200 miles; second, an international area beyond the economic zones, reserved for the benefit of all mankind; third, the application throughout the oceanic space of sound management principles for the use and preservation of the sea.

I believe I can safely say that, whether or not the conference is altogether successful, the economic-zone concept is here to stay. That is to say that, within 200 miles of its coasts, a coastal state like Canada will have very substantial rights over the



mineral and living resources of that zone and more extensive rights than it now possesses over marine pollution and scientific research.

But a 200-mile limit does not fully cover the Canadian case. We must obtain recognition of our rights and needs beyond that limit if we want to protect adequately our natural resources in three particular situations. A strict 200-mile limit would leave out over 400,000 square miles of continental margin, mostly on the East Coast, 10 to 15 per cent of our fish stocks, also on the East Coast, and would leave all of our salmon unprotected during that part of their lives they spend in the open sea. We shall have an uphill battle to fight on these three issues.

A second major trend has emerged in favour of establishing the international area of the oceans as a zone reserved for mankind. Almost all nations agree that the exploitation of manganese nodules, those potato-shaped rock formations that lie on the seabed at depths of 15,000 to 20,000 feet and are rich in nickel, copper, cobalt and manganese, should be carried out for the benefit of the whole world and not solely for the advantage of the technologically-advanced states. That is a concept that Canada wholeheartedly supports.

Unfortunately, the conference has not gone very far beyond accepting this very basic concept. The practical implementation of the concept -- that is, the creation of a new international authority -- has given rise to a most serious confrontation between developed and developing nations.

Both for reasons of worldwide equity and our own domestic interest as mineral producers, we must do everything we can to set up a strong and economically-viable international authority.

Finally, the third major trend can be expressed in terms of a growing realization by all states that the oceans must be managed in a rational manner as opposed to the *laissez-faire* attitudes of the past.

We hope that the conference will endorse the Canadian concepts for protecting the marine environment, as applied in the Arctic, the Gulf of St. Lawrence, the Bay of Fundy and elsewhere, and will apply them universally.

What we can aim for at Geneva is substantial progress so that we shall be in a position to see the precise contours of the final package and to determine the timing of the conclusion. As my



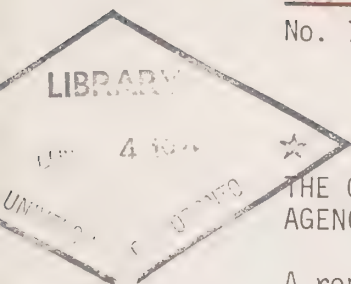
colleagues and I have said repeatedly since Caracas, should the conference fail or procrastinate, we shall reassess all options and decide how best we can cope with our most urgent problems in the light of prevailing circumstances.





# Statements and Speeches

No. 75/9



## THE GENERAL POLICIES OF THE CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

A report to the Standing Committee of the House of Commons on External Affairs and National Defence on April 10, 1975, by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen.

You will recall that on March 11, I indicated that it was the Government's wish to put a new emphasis on Canada's relations with developing countries. I therefore welcome this opportunity to discuss with members of the Committee the general policies of the Canadian International Development Agency.

It is perhaps fitting that 1975 be the year when I, as Minister responsible for CIDA, should be making -- to my knowledge -- the first separate statement ever on the Agency, as distinct from other aspects of Canada's external relations that come under my authority as Secretary of State for External Affairs. In the field of international development, as you are no doubt aware, 1975 will be a momentous year. This is the year when the increasingly impatient demands of developing countries for a more equitable world economic system may reach a crucial stage at the seventh special session of the United Nations General Assembly next fall. This is the year when both developing and developed countries must strive in earnest to accommodate, if not reconcile, their sometimes conflicting economic interests and avoid a confrontation that would be sterile and fraught with danger. This is also the year when the poorest among the developing countries seem to be inexorably squeezed in the vise of raw-material inflation and world recession, at a time when domestic economic problems have further constrained the flow of development assistance from many Western donors.

Also, 1975 is the year when the Government of Canada, in response to these world developments, has begun a review of the full range of our economic relations with developing countries. Furthermore, I hope to announce in the not-too-distant future, after consideration and approval by Cabinet, a new set of policy guidelines that will govern CIDA's operations in the years 1975 to 1980.

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I want now, or at the end of my statement, to make available to members of the Committee a document, prepared by CIDA at my

request, on bilateral assistance projects that have recently attracted public attention. These are projects that have been mentioned in the press and in the House. We have tried to set forward the factual information with respect to these projects, and the document ought to be a useful reference point for Members if they wish to examine the officials further on any of these projects that have attracted public attention.

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The CIDA appropriations for 1975-76 referred to your Committee amount to \$712 million, for a program of grants and loans to developing countries and multilateral institutions, to which must be added \$221 million to be drawn against unused appropriation authorities of earlier years.

Disbursements during the coming fiscal year would, therefore, total \$933 million....

Yet few Canadians would seriously suggest that we are doing too much for developing countries, I have been astonished and most encouraged, since I took over this job, at the intense interest and concern that the Canadian public shows -- notably through the mail I receive --, in the formulation of Canadian policy on aid matters. Most are aware of the dismal economic conditions imposed on more than half of the world's population by bad crops, costly food imports, high energy costs, declining exports of raw materials and ensuing balance-of-payments problems. Canadians hardly need to be convinced that, in spite of their own economic troubles, industrialized donors should increase the flow of development assistance to developing countries.

So the real question is: Are we doing our share? Are Canadians getting their money's worth -- that is, are we really relieving poverty and under-development in the world?

To begin to answer these questions one must place the year's CIDA estimates in the perspective of recent years. It is true that Canadian disbursements for official development assistance will in all likelihood fall short, in 1975-76, of the .07 per cent of GNP (gross national product) target set by the United Nations and to which the Government is committed; but the record of recent years clearly demonstrates the sincerity of our commitment. From 1970-71 to 1970-74, Canada's official development-assistance GNP ratio rose steadily from .40 to approximately .53 per cent, and it should reach .58 during the coming fiscal year. I stress that the constraints upon our disbursements are not the generosity of the people of Canada or of Treasury Board but



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rather the absorptive capacity of recipient countries and CIDA's ability to process and manage more projects efficiently. I should not wish that Canada become one of the first countries to break the .07 percentage barrier if this led to a wastage of Canadian development assistance. At the same time, I intend to see that CIDA's administrative capacities are expanded in an orderly fashion so that Canada may reach efficiently the United Nations target figure.

I might add that, in the future, our development assistance will have to be assessed in a wider framework that includes varied instruments of economic advancement for developing countries: access to industrialized markets, transfers of technology, the regulation and taxation of transnational corporations, the pricing of raw materials and so on. To the extent that these other instruments can be made to generate greater economic for developing countries -- at some cost, evidently, to industrialized countries -- we may well come to a sort of alternative between increases in the flow of development assistance and adjustments in these other elements of the international economic system. This is one of the fundamental issues that will have to be examined as dispassionately as possible at the special session of the UN General Assembly.

Meanwhile, who are the beneficiaries of Canadian development assistance? Some of you may have been disturbed by reports that large sums of CIDA money are being funnelled to the so-called newly-rich countries of the Third World. I shall deal later with some specific cases, but I can state unequivocally to this Committee that these reports are without foundation. Overwhelmingly, CIDA grants and loans have been extended to the poorest countries of the world.

In 1974-75, 70 per cent of funds allocated to CIDA's bilateral programs were channelled to countries with an annual GNP of less than \$200 *per capita*; and 17 per cent of the bilateral assistance budget was disbursed in the 25 least-developed countries.

By contrast, those countries whose GNP *per capita* ranges from \$200 to \$375 have been allocated last year 10 per cent of bilateral assistance funds. The 12 per cent went to countries with *per capita* GNP of more than \$375, mostly in the Caribbean and Latin America.

I point out also that there is a trend towards greater concentration of Canadian development assistance on the very-low-income countries. CIDA's disbursements in the 25 least-developed countries of the world amounted to only 4.5 per cent of its total bilateral budget in 1970-71; but the proportion increased to 10 per cent

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in 1971-72, 12.5 per cent in 1972-73, 13 per cent in 1973-74, and 17 per cent last year. On the other hand, the share of funds allocated to developing countries with a relatively high GNP (and we are talking relativities -- \$375 *per capita* or more) fell from 17 per cent to 12 per cent.

There is no doubt that Canadian assistance is going where it is most needed; and I can assure the Committee that the new CIDA strategy for the years 1975 to 1980 will emphasize still further, rather than reverse, this basic orientation.

I turn now to CIDA's current policies. Canada has traditionally opted for direct government-to-government (bilateral) programs as the mainstay of its development-assistance efforts, in its desire both to make available to developing countries the special expertise and knowledge Canada has built up over many decades in dealing with a considerable number of problems similar to those that confront developing countries and to retain a distinct Canadian identity with the project or program being supported. In the fiscal year 1975-76, the bilateral-aid program will account for \$570.5 million, or 61 per cent of the total official aid program.

The Government announced in 1970 its intention of increasing the proportion of aid channelled through multilateral institutions to "about 25 per cent" of the total program. This was a recognition of both Canada's lack of direct expertise in certain crucial areas, our support of the invaluable role in development co-operation played by many international institutions, and our wish to multiply the impact of aid expenditures by helping to influence multilateral institutions into following paths we considered to be desirable. In the coming fiscal year, the multilateral share of disbursements will amount to 32 per cent (\$302.4 million) of the total program.

To increase overall flexibility and innovation, Canada has developed two further channels for development co-operation: CIDA's special programs, in particular the Non-Governmental Organizations Program, and the International Development Research Centre. The non-governmental organizations constitute an invaluable complement to the Government's official efforts in providing a people-to-people contact, and in mobilizing support for development objectives that would otherwise find no outlet. Similarly, the IDRC helps fill a vacuum in promoting research and development capabilities in developing countries and in adapting such capabilities to the individual circumstances of particular countries. CIDA's annual grant to the Centre has been considerably increased, from \$19 million in 1974-75 to \$27 million during the

fiscal year beginning on April 1.

ilateral programs

The choice of which countries currently receive Canadian assistance is the result of various factors: financial, economic, political, historical and commercial. The major portion (80 per cent) of bilateral funds is allocated to selected "countries of concentration" in recognition of the view, first, that the larger the amount of Canadian funds allocated to any individual developing country the greater the likelihood of such funds having a lasting impact; secondly, that it would be an administrative nightmare to treat all developing countries equally in relative terms; and, thirdly, that, in any event, Canada has not the means to meet all of the legitimate needs of all of the developing countries.

Since 1972, as noted earlier, CIDA has intensified efforts to assist countries at the bottom of the development scale -- the so-called "least-developed" of the developing countries.

The amount of aid received by any individual country is determined first by its status as a country of concentration or otherwise and second by careful evaluation of a number of issues, of which the most important are: its balance-of-payments situation; its capacity to raise and spend funds for its development programs from domestic or external sources; its commitment to maximizing the welfare of the majority of its people; Canada's ability to meet the priority needs of the country.

CIDA has a relatively flexible range of components of aid transfers: grants, two types of loan, food and other non-project aid, project aid, and emergency relief, the use of which depends upon the circumstances of both the project or program and the recipient in question. In general, it is fair to say that grants are more likely to be given to the poorer developing countries than to those that are relatively better off, and that, where loans are deemed appropriate for the poorer countries, they are more likely to be highly concessional rather than of medium concessionality. Further, technical assistance is usually financed by grants, as are food aid and emergency aid. The ratio between loans and grants is expected to remain at around 35:65 in the coming fiscal year, with loans amounting to \$325.3 million and grants and contributions totalling \$535.9 million.

The 1970 foreign policy review authorized CIDA to "untie" up to 20 per cent of the bilateral program for projects and programs of particularly high developmental priority. The 80 per cent of the program to be spent in Canada must, except for shipping costs, satisfy minimum Canadian value-added requirements. CIDA normally pays all shipping costs regardless of Canadian content. Consultancy



firms will, in general, only be considered if the majority ownership is in Canadian hands.

In most instances, CIDA's "untying" authority is used to help finance "local costs" -- that is, costs incurred in the recipient country. Occasionally, CIDA will recommend to the Minister the purchase of goods and services from other developing countries and, very exceptionally, from other donor countries, when such components are essential for the completion of a specific project.

CIDA's policy is to provide assistance in those sectors considered of high priority by developing countries and in which Canada has something worthwhile to offer. In the primary sector, therefore, considerable assistance has been provided in the agricultural, fisheries, forestry and mineral areas; in the secondary sector, the focus has been on the development and distribution of local energy sources; and in the tertiary sector, CIDA's main thrusts have been in education, transportation and communications, with lesser emphasis on health, including water-supply and sewage-disposal, and family planning. Wherever feasible, the policy of the agency has been to improve the overall living conditions of the poorer segments of the population in question.

I should add that our development-assistance program also reflects, as it must, Canada's political interests in the world. This Committee is aware of our historic commitment since the Colombo Plan to the social and economic betterment of the Commonwealth countries in the Indian subcontinent. Unfortunate events have led us to review some of our assistance programs to India; with the co-operation of the Indian authorities, however, we hope to complete this review during the coming fiscal year. The threat of famine has also forced us to emphasize food aid and emergency relief in our assistance to Bangladesh; but we intend to revert to a more balanced program as soon as conditions in that country allow us to do so.

More recently, Indonesia has emerged as a substantial recipient of Canadian assistance, and, in spite of that country's growing receipts from oil and other raw-material exports, we expect it will remain a prime candidate for international assistance in the foreseeable future. Indonesia's GNP *per capita* barely rose from \$80 to approximately \$100 between 1972 and 1974. Over all, some \$305 million, almost one-third of total outlays in 1975-76, will be channelled to Asia.

The value and distribution of funds allocated to Africa, more than 22 per cent of CIDA's total disbursements, are fully justified by the dismally low incomes of most African peoples and by the



state of virtual non-development of much of this vast continent. But it also reflects the special kinship Canadians have with both Commonwealth and *francophone* countries. The development-assistance budget for Commonwealth Africa amounts to some \$102 million. The budget for *francophone* Africa is slightly more than \$105 million, as several French-speaking countries lie in the Sahelian belt and have been severely hit by recent droughts and famines.

Need I remind the Committee that we are not assisting these countries primarily because they have adopted English or French as their official language, but because they are so very poor? Recent *per capita* GNP figures speak more eloquently than, certainly, my prose -- \$89 in Niger, \$230 in Nigeria, \$166 in Cameroon, \$155 in Kenya, and \$201 in Senegal.

Some of you may be tempted to question the amounts allocated in 1975-76 to other geographical areas such as the Caribbean (\$41.9 million) and Latin America (\$48 million), where income levels, while extremely low by Canadian standards, are somewhat higher than in the rest of the developing world. But, even when the countries involved have begun to generate most of the financial resources required for sustained economic growth, which is not always the case, they still need, and will need for quite some time, technical assistance from Canada and other industrialized countries.

Actually, these and other countries such as Algeria have reached a transitional stage. Canada, therefore, must transform its economic relationship with them from one centred on development-assistance to one focused on industrial co-operation. But this shift cannot be accomplished overnight, and too brutal a weaning from CIDA's programs could well jeopardize the maturing of mutually-beneficial economic relations. CIDA-watchers should not confuse altruism with self-abnegation.

Finally, there will always occur disasters and natural catastrophes. It is quite obvious from the letters I get each time a cyclone or a flood afflicts a developing country that Canadians wish their Government to provide relief promptly and efficiently. CIDA's emergency program is already substantial, but we wish to do more. Consequently the Government is reviewing its planning and machinery in this field.

ral programs A word about multilateral programs. The choice of which development-oriented multilateral institutions receive Canadian assistance is, as in the case of the choice of countries receiving bilateral aid, a combination of various factors. In this case they are chiefly historical and political. There is, however, also the

additional element of effectiveness, since our policy is to concentrate relatively limited Canadian funds on those agencies with the greatest development potential. Total multilateral assistance is expected to reach \$302 million in 1975-76, an increase of 53 per cent over the current fiscal year.

The World Food Program will displace next year the International Development Association as the largest recipient of multilateral funds. Other major recipients are the various UN agencies, notably the United Nations Development Program and various regional development banks. Through our support of the regional banks, we have been able to encourage intraregional co-operation and the expansion of local institutions catering to local needs and interests, while improving the management capabilities of local officials.

Canada also supports various international agricultural research institutes, where our contribution is relatively modest; yet the payoff could be immense in terms of technological advances in the production, storage and processing of food.

Similarly, Canada's wish to help in the eradication of various factors perpetuating poverty and economic stagnation in the developing countries -- for example, the problems of population and disease -- has been translated into contributions to various population programs as well as to the World Health Organization. In general, Canada provides core support -- that is, a fixed percentage of the organization's operational budget.

Now, a word about food aid and agricultural development. As a result of the pledge I made last November at the World Food Conference in Rome, a much larger share of CIDA's bilateral and multilateral funds will be allocated in 1975-76 to food aid, both grain and non-grain. I should be able to announce shortly the details of these allocations; but, in spite of the magnitude of our effort, I emphasize before this Committee that the planned three-year increase in food aid does not reflect the fundamental change in Canada's development-assistance policy, but rather a short-term response to pressing needs that we could not ignore. We are doing what we can to fend off the threat of starvation in those areas most severely affected by the crises of recent years; but, if anything, such rearguard action has made us painfully aware of the urgent need for massive investment in agricultural production and rural development in most developing countries.

I indicated in London early last month, at the Commonwealth Ministerial Meeting on Food Production and Rural Development,

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that Canada's international development policies would henceforth give a much higher priority to programs designed to enhance agricultural productivity and, in general, the efficient exploitation and husbandry of renewable resources. CIDA will, naturally, concentrate on areas where Canadian expertise and capabilities are considerable or can be more easily expanded: the provision of fertilizer, research in dry-land farming, water-resource evaluation and harnessing, the development of wheat farming, cattle and dairy farming, the planning and provision of storage and bulk-handling facilities, fisheries and forestry management, soil sciences, animal breeding, animal nutrition and crop storage and processing.

Canadians must realize that a major effort in that direction will require some rearrangement of our economic priorities so as to channel more investment into the agricultural sector than would strictly be required by domestic needs: more funds for agricultural education and training, more funds for research, a larger industrial capacity for the production of fertilizer, farm implements and other agricultural inputs. Already CIDA and the Department of Agriculture have come together to draw up long-term plans, and we shall be seeking the active co-operation of provincial governments and of all segments of the agricultural industry. I am quite confident that the people of Canada, whose wealth and affluence are largely derived from agriculture, will accept the most dramatic challenge of the coming decades: to improve substantially the living and working conditions of the rural poor of the world -- about 750 million people, some 40 per cent of the total population of developing countries.

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Few people realize the magnitude of the Agency's operational problems. At any one time CIDA manages, supervises or monitors some 2,000 projects of a very diversified nature, in more than 60 countries located from three to five thousand miles away from Ottawa. Critics demand that the Agency exercise a degree of control over these far-flung projects comparable to that which has become customary in the Canadian Government; and yet some are shocked that CIDA's travelling expenses are higher than those of other departments. In this respect, the Committee should note that the 20 or so projects that have been questioned recently in the press represent barely 1 per cent of CIDA's currently active files.

CIDA must deal regularly with countries that have vastly different political régimes, cultures, languages and socio-economic systems. All are under-developed, but all have reached a particular stage

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of development. The ability to identify priorities, to plan and to manage projects varies widely from one country to another, and so does the quality of public and private administration. Needs also vary: basic educational assistance for some, physical or social infrastructure for others, food aid for many, sectoral economic assistance -- such as industrial machinery or commodity loans -- for still others, technical services for the most advanced. Some countries can only be assisted by turn-key projects, for which Canada must provide all the "input", from the planning stage to the training of the required personnel; others need only some of the components for projects they have launched on their own. All these factors make it virtually impossible for CIDA to standardize its administrative procedures: in a very real sense, each development project must be tailor-made for the country we assist.

There are many more constraints upon CIDA's effectiveness that are beyond the Agency's control. The Agency must respect at all times the sovereignty of the countries it is assisting; accordingly, it must dovetail its own procedures with those of other governments, whose bureaucracies are different and uneven in performance. This often means delays that are inordinate by Canadian standards. Other delays are caused by the severe shortage of skilled manpower in developing countries and the lack of experienced personnel in Canada itself. To mount virtually any program in any sector, CIDA must first bolster the countries' administrative and technical capacity. Initially, most programs require a high Canadian technical assistance input; but, in a developmental perspective, "localization" of the project is highly desirable, and localization requires the training of counterpart personnel -- a process which takes several years. Then, these trained nationals are in tremendous demand in developing countries and it is difficult to hold them with the original project. Still more delays result from varying abilities of governments to muster local financial resources. Acquisition of land, construction of building and housing facilities, the hiring and payment of local staff -- all these operations, which are relatively simple in Canada, can be very complex and time-consuming in developing countries. Occasionally the compatibility of Canadian equipment and practices with those of other countries will create "interface" problems that must be solved; and this, once again, takes time and costs money.

For all the above reasons, I would be deluding this Committee if I did not admit that the usual standards of Government efficiency simply cannot be applied *mutatis mutandis* to CIDA operations. I am not only being candid; I am being realistic.



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But there are a number of other constraints upon CIDA's effectiveness that are under Canadian control, not always within CIDA, not only within the Federal Government, but certainly within Canadian society as a whole. Concentration of our bilateral assistance programs on fewer countries, for example, could scale down the administrative complexities to which I have just referred; so could a higher degree of specialization in the types of projects we undertake to finance, procure and manage.

Once this process of concentration and specialization is under way in CIDA -- and it can only be gradual --, other federal departments and provincial agencies will be in a better position to plan ahead in order to meet the personnel and material requirements of our assistance programs. For CIDA has also been hampered in recent years by shortages of trained technicians, project managers, equipment, expertise and other "inputs" in Canada itself. I would hope also that, with better information, Canadians will become less reluctant to serve abroad, that more of them will acquire the special skills -- such as proficiency in foreign languages -- that are needed in developing countries. Of course health conditions, climate, cultural differences and political instability will always place strains upon Canadians working abroad on CIDA projects, and upon their families. But we shall continue to improve accommodation and living conditions in their countries of assignment.

I conclude on a note of caution. This Committee should scrutinize CIDA's operations as much as it feels necessary, but it should neither demand nor expect more from developing countries than from Canada itself.

History tells us that development in Canada, as in most other industrialized countries, has been a messy process, riddled with inefficiencies and even waste, marred by abuses and controversies. In the 1840s, what was then the Union Government of the two Canadas invested massively in canals, in the hope that the St. Lawrence Valley would become the outlet to the sea for the bustling American Midwest. It did not work, partly because the Americans preferred New York and partly because the railways became the dominant mode of transport. It took Canadians just about 100 years to make the St. Lawrence Seaway a sound venture.

Then, in the 1860s and 1870s, the otherwise development-oriented government of the new confederation allowed the Maritime and Eastern Quebec economies to collapse when shipping went from sail to steam. We are still paying today the economic and social costs of that action. Then, from Confederation to the First World War, we invested excessively and haphazardly in railways so that,

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60 years later, the nationalized company we formed to pick up the pieces still has not retired all its long-term debt. Yet who would deny that the CN has contributed handsomely in the intervening years to Canada's development? So we should be prudent when we are tempted to question the usefulness of the *Route de l'unité* in Niger. The CPR, a century ago, also led nowhere.

As I said in the House, on February 20, development is difficult, even in the best of conditions. And conditions are even more dismal in most developing countries today than they were a century ago in the stony stretches and frozen bogs of northern Ontario. Just like our railways, the developing projects we help to launch in Asia or Africa are typically those that are "uneconomical" for private investors -- and yet must be undertaken to make other projects possible or profitable. There is no foolproof theory to guide our action: each new twist in the great transformation -- the Industrial Revolution -- that started in Britain a century and a half ago has bred a new clutch of theories, *laissez-faire*, capitalism, socialism, Communism -- that have multiplied like rabbits in a clover patch since postwar decolonization established governments in the Third World determined to develop their societies and to "catch up", one way or another, with the industrialized countries.

Yet there is a learning process going on. Developing countries are learning the hard way, as they try to adapt their development plans to changing world conditions and to exert some control over this process of change itself. Those among us trying to assist the developing countries, such as government experts in and out of CIDA, are also learning, through research, or trial and error, how we can make our development-assistance program most effective. I have indicated today some of the lessons we have learned in the last decade; there are many more, which we will attempt to embody in the new CIDA strategy for the years 1975-80.

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# Statements and Speeches

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No. 75/10

## THE ECONOMIC SITUATION

Statement by the Minister of Finance, the Honourable John N. Turner, at the opening in Ottawa on April 9, 1975, of the Conference of First Ministers.

In the last few months, several important developments in the world economic situation have taken place.

First and foremost, the recession in the industrial countries has become more widespread and more serious than had been expected. There has been a veritable parade of revised forecasts, each one predicting lower levels of activity than its predecessor. It is still expected that a recovery will set in during the second half of this year. But the earlier optimism that this recovery would develop into a vigorous expansion in 1976 has been replaced by the general expectation that the OECD (Organization for Economic Co-operation and Development) countries are likely to continue to experience a substantial degree of slack through 1976.

Secondly, with the recession of activity some decline in commodity prices has set in, and the prospects for moderation of price increases have improved. These prospects vary from country to country depending upon the course of domestic cost-determining factors. Indeed, in some of the OECD countries the forces of inflation emanating from domestic cost developments have become more virulent in recent months.

Thirdly, the recession, the break in the acceleration of prices and deliberate policy measures have all combined to produce a lower level of interest-rates around the industrial world.

Finally, while the balance-of-payments deficits of the oil-importing countries burgeoned much as had been expected, it would probably be fair to say that concern over the great oil-deficit problem is somewhat less now than it was some months ago, though it properly remains high. The moderating of concern emanates from three facts: the oil-exporting countries have shown a higher propensity to import goods and services than had been expected; oil imports by consuming countries levelled off dramatically and the international price of oil ceased to rise, so that there are some signs of an oversupply in the international markets; and, finally, the recycling of oil funds has proceeded with considerable smoothness as official bodies and the private markets have both operated effectively.

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I am planning to visit several of the oil-producing countries in the Middle East later this month to discuss international economic problems with their economic and financial leaders. I do not believe in the economics of confrontation and I believe it is important that the industrial world develop its relations with these countries, which have a major role to play in the smooth functioning of the international monetary system, in the adjustment of payments balances and in the flow of aid to poorer countries. On my way, I expect to call on the Minister of Finance of France and the Chancellor of the Exchequer in Britain for further consultations on the world economic and financial prospects. Of course, I have frequent contact with the Secretary of the Treasury of the United States.

The changes in the world economic situation have affected Canada's performance and prospects and we have developed some trouble of our own.

The slowing-down of the industrial economies has adversely affected our own economic performance, although the slowdown in Canada has not reached the proportions that it has in the United States. Real gross national product (GNP) fell 2.2 per cent in 1974 in the United States; in Canada it rose 3.7 per cent. Last year the United States had four successive quarters of declining real output; in Canada, growth ceased after the first quarter of last year, was zero for the next two quarters and declined only in the fourth quarter.

The real demand for Canadian exports decreased last year. After the middle of the year, housing starts fell off rapidly. By the fourth quarter, the slowdown had spread in varying degrees to all the main categories of real domestic demand, with the exception of business investment. We were also plagued last year with serious loss of output owing to work stoppages arising from industrial disputes.

The current account of our balance of payments deteriorated by nearly \$1.5 billion last year. The surplus on trade account alone declined by some \$1.25 billion. The deterioration of the trade account was even larger in constant dollar terms, since the prices of our exports rose much more rapidly than those of our imports.

Employment grew strongly through most of last year. The unemployment rate first fell but then stabilized in mid-year. Towards the end of the year the decreases in output began to affect the growth of employment and the unemployment rate moved up.

Increases in prices in Canada in 1974 were a good deal larger than



in the previous year and prices of final goods and services accelerated through most of the year. Although world commodity prices decreased in the second half, the impact of these decreases on final-goods prices in Canada only began to appear at year-end. World oil prices increased tremendously in 1974 and the increases were large in Canada, even though our policies cushioned the impact of the world changes. Increases in most farm-gate and imported food prices continued in 1974 at very high levels, reflecting particularly the disappointing 1974 harvests in North America and elsewhere. The dominant factor in the change in Canada's price experience in 1974, however, was the rapid increase in domestic costs, reflecting sharp increases in the prices of labour and other "inputs", as well as the poor productivity performance associated with the flattening, and later decline, in output.

Up to the end of the third quarter, both wages and profits per unit of real output continued up strongly. But in the fourth quarter the situation changed. Profits per unit of output tumbled by 6.7 per cent. Wages and salaries per unit of output, on the other hand, continued to advance. To my mind, this continued surge of wages and salaries and the sagging of profits epitomize the problems of the Canadian economy in the period ahead.

Let me be a little more specific on this question. If one considers the data on wage settlements, one is struck by the fact that, whereas in the early 1970s the increases in our settlements were, on the average, below those of the United States, for the last three years the increases in our settlements have been higher. The margin is now very wide. Indeed, the increases in settlements for the first year of new contracts, at about 20 per cent, are roughly twice the size of those in the United States. The increases in average hourly earnings are also now running about twice those of the United States. Our increases in labour costs per unit of output for the economy as a whole are not only high (17.3 per cent in the fourth quarter last year) but in the latter part of last year began to run very much ahead of those in the United States. In the manufacturing industries, our absolute levels of average hourly earnings pulled above those in the United States in the course of last year, and are rising much more rapidly than in the United States. In the non-manufacturing industries, increases in wage settlements tend to run even higher than in the manufacturing industries. Settlements for government employees, for teachers and for other service employees exert an upward pull on settlements in the goods-producing industries. These stark facts should warn us of the danger we face of a very serious loss of competitive position that threatens our export industries and our domestic import-competing industries.

Looking ahead, the prospects for the U.S. economy are, of course, of particular concern to us. The policy position in the United States has been unclear and even yet leaves some important questions unanswered. Monetary policy has been eased -- certainly interest-rates came down quite sharply, though there has recently been some reversal of that decline. A more stimulative fiscal package has now been patched together by the Congress and the Administration. The extent of the expenditure side of that package is not yet evident, however. Most observers expect the rate of growth of output in the United States to pick up in the second half of this year, but, even so, there will be a substantial decline in real output this year. Unemployment will remain high. A characteristic of the U.S. recession has been a substantial working-down of inventories. The rebuilding of inventories will be a feature of their recovery. The more difficult question to assess is the strength of fixed-capital investment in the U.S. recovery. The general view now is that capital investment, including housing, will strengthen and add force to the recovery, especially in 1976, but that, in spite of this fact, output will still be well below potential at the end of 1976. The pick-up of employment and the decline in unemployment will be sluggish, because a renewal of expansion is typically characterized at the beginning by an increase of productivity rather more than of employment. Accordingly, unemployment rates will remain high in 1976. Rates of price increase may well fall appreciably in the United States over the next two years. This will be the more likely if the United States manages to continue to keep its domestic cost increases within reasonable bounds.

For Canada, our problem will be to turn the economy around and to achieve a recovery of real growth. To do this, we shall have to achieve some moderation of the inflation. A good response to our quest for a national consensus on price and incomes, about which I shall speak later, would be of great benefit to the Canadian economy in terms of prices, growth and employment.

Canada was among the first of the industrial countries to adjust its policies in response to the softening of the economy. The stimulus that we provided in the November Budget and that derives from the adjustment of monetary policy last fall is at work in the economy now. The automatic stabilizers, such as higher Unemployment Insurance Commission payments and lower tax receipts brought into play by the decline of activity and of profits, are also having their cushioning effects.

As of this moment, without making any allowance for new policy initiatives, it seems unlikely that, on average, our national production this year will be appreciably higher than last year.

From the evidence at hand, it appears that we have had a decline in production in the first quarter and we may have a further decline in the second. We anticipate some turn-around in the second half, but we think the recovery in the second half and into 1976 may be sporadic and sluggish.

Exports will not pick up until the U.S. economy gets into its recovery phase. We may well find, however, as I have suggested, that the rise in our costs will restrain the recovery of our exports and give trouble to our import-competing industries as well. We are anticipating that the deficit in the current account of our balance of payments will increase substantially in 1975. The terms of trade that have been moving in our favour will move against us as the prices of the goods we export rise less rapidly than the prices of the goods we import.

The financing of the current-account deficit will require the net import of a substantial amount of capital. Last year our net capital imports were just under \$2 billion. This year we shall probably require an inflow of significantly more than twice that amount. As you know, I recently withdrew the request to Canadian borrowers to explore fully the availability of funds in the Canadian capital market before floating issues outside of Canada. Parliament has also approved an extension of the exemption from withholding tax of interest on government bonds. The exemption will now apply to government securities issued before 1979. I should like to take this occasion to remove any confusion that may exist as to the policy of the Government of Canada regarding the foreign sources from which Canadian borrowers may seek to obtain capital. It is the policy of the Government not to express any preference among the foreign sources of capital flowing to this country.

The current-account deficit and the associated import of capital means that we shall be making a larger net drawing of real goods and services from the rest of the world. I recognize that a higher Canadian deficit is helpful in the broad picture of the adjustment of world payments balances. I should prefer, of course, if the net increase in our use of foreign goods and services were also a net increase in supply flowing onto Canadian markets and not just a substitution of foreign supply for domestic. Our inflation problem would be relieved by a net increase in supply available on our markets. Our employment problem would be relieved if the foreign-source supply did not replace domestic output.

If we can keep our capital-investment programs rolling ahead, we shall have better success in taking full advantage of the higher net inflow of goods and money. Capital investment will improve



our own productivity and help to maintain our competitiveness. At the present time, business fixed investment remains relatively strong, and, indeed, is the main support of the economy. But I am not unmindful of the threats to the investment program posed by falling profits and softer demand in other sectors of the economy.

I believe that national production will start growing again later this year, as I have said. But I have to acknowledge that history tells us that employment gains are likely to be modest in the first part of the period of renewed growth. The initial phases of expansion are almost always characterized more by a step-up of productivity than of employment.

The outlook for prices is very difficult to gauge, even on the assumption of reasonably good crops. One has to weigh the effects of the higher wage costs against the downward tendency of many commodity prices and the likelihood of a general decline in the rate of increase of prices in the United States, where domestic cost pressures are much less severe.

It is because our own cost situation is now so dangerous, because inflation is itself so damaging to our own national production, and because the fact of inflation limits one in the choice of measures to counter the slowdown of activity that I attach great importance to the effort we are making to achieve a national consensus on the necessity of exercising restraint on the increases of prices and incomes in the Canadian economy.

If we all persist in trying to gain at the expense of others, the cost in terms of human welfare will be great, and greatest for the weakest.





# Statements and Speeches

No. 75/11

## A DECADE FOR ACTION TO COMBAT RACISM AND RACIAL DISCRIMINATION

A Statement in the Social Committee of the Economic and Social Council of the United Nations, New York, by Mr. A.W. Sullivan, Canadian Representative, April 17, 1975.

The Canadian delegation wishes to make a few comments on the item under consideration, the Decade for Action to Combat Racism and Social Discrimination. We are grateful to the Secretariat for the quality of the documentation that has been placed at our disposal. These documents are extremely useful in providing us with an outline of activities in progress or envisaged in the context of the Decade both within the UN system and at the governmental, intergovernmental and non-governmental levels.

...Racism and racial discrimination are evils we must all work to eradicate, because they constitute an affront to the dignity of man and to the principles of equality enshrined in the Universal Declaration of Human Rights and other international instruments in the human rights field. We must struggle constantly to arrive at the elimination of all discrimination based on race and to rid ourselves, once and for all, of racial prejudices that have no basis of any kind. The Decade must provide for the conscious effort of the international community to work towards the achievement of such objectives. It should serve to focus public opinion, both national and international, on the problems of racial discrimination and the imperative need to find solutions within the shortest possible time.

Canada has always been entirely opposed to racial discrimination in any form it assumes, and has, in particular, condemned that odious form institutionalized in the policies and practices of *apartheid*, which unfortunately continues to flourish in South Africa. The racist regimes of South Africa and of Southern Rhodesia continue to pursue their reprehensible policies of discrimination and racial domination. Nonetheless, recent events relating to Southern Rhodesia and, to a certain extent, to Namibia, seem to us to provide a glimmer of hope, and may permit us to expect some positive evolution in the situation both so far as eventual abolition of a discriminatory system and the realization of self-determination in these territories are concerned. With regard to Namibia, I should like to mention that the Canadian Government recently welcomed Mr. Sean MacBride, the UN Commissioner for Namibia, to Ottawa. Mr. MacBride's visit

provided the opportunity for a thorough examination of the various aspects of the Namibian question..

The encouraging signs coming to light in these territories can surely be considered to some extent as the result of the constant action of this organization in its efforts to put an end to the unacceptable and degrading policies of racist regimes. They can also be attributed to the influence of recent developments in the territories under Portuguese administration. The decolonization now in progress was, however, primarily brought about by the will and resolute determination of the peoples of these territories to exercise their right to self-determination and independence. We applaud the rapid progress made in the past year by the Government of Portugal in bringing to an end its colonial system. We are pleased with the determination with which the Portuguese authorities are implementing their new policies.

The new countries emerging from the former Portuguese territories will require the support of the international community to help them to begin on a solid footing and to provide encouragement towards balanced economic and social development. In this context, the Canadian Secretary of State for External Affairs announced, on April 11, a special mission to Angola and Mozambique, whose object will be to establish contact with the provisional governments and the leaders of these countries and to establish a basis for co-operation in all fields -- in particular, in the area of economic and social development.

...Racism and racial discrimination are not the preserve of any single region. As the distinguished Ambassador Salim of Tanzania stated so well during the meeting of the Credentials Committee at the last General Assembly, no country can declare itself free from this evil at one time or another. It consists, then, of a universal evil, which requires a universal effort to bring about its elimination. Governments of all countries must address themselves to the task and examine in depth their legislation and their social systems in order to bring about the removal of all traces of racial discrimination in any form. The responsibility of national governments is one that necessitates political will and continuous vigilance in rooting-out or preventing racism. We are all personally involved in the struggle, both at the international and national levels. The individual effort in the struggle is a key element that must not be neglected. The elimination of racism and racial discrimination cannot be achieved solely at the governmental level by legislation and information programs. We must all scrutinize our own lives in an effort to modify attitudes, change mentalities and reject prejudices of a discriminatory nature

based on race. It is essential that this struggle result in a personal evaluation of actions and attitudes. We are dealing with a sphere of daily interpersonal relations and activities in which it is essential that individuals be aware of the problem and conscious of their own responsibility in the quest for the eradication of this cancer that torments humanity.

...Canada has pursued and developed in the course of the months since the last session of the General Assembly certain activities in the context of the Decade for Action to Combat Racism and Racial Discrimination.

With regard to information and public education, the Federal Government has sponsored a series of meetings with representatives of voluntary organizations with an interest in human rights, and in particular in the Decade, as evidenced by the numerous programs they have established. The Canadian Government has, in addition, recently published a brochure embodying the program of the Decade as well as texts of important UN declarations and documents on racial discrimination. In addition, at the request of the Government, radio stations have generously broadcast at regular intervals a series of publicity announcements against racial discrimination. Emphasis was placed on broadcasting the messages on December 10 and similar emphasis will be given on August 10, the anniversary of the Canadian Bill of Rights. In the provinces, information programs have also been established, particularly within the school system.

The development of programs for the struggle against racism and racial discrimination at the national level has been the object of continuing consultations between the different levels of government, and federal authorities, for their part, have under study new programs designed to promote a better understanding between different ethnic groups. I should like to mention that, at a conference called last November in Victoria, B.C., of provincial ministers responsible for human rights, the problem of racial discrimination was discussed.

In terminating this intervention, may I add that we have excellent grounds to believe that Canada will have in the very near future its own Commission on Human Rights. An organization of this kind would parallel those already existing in the majority of the provinces.







# Statements and Speeches



## THE FUNDAMENTAL PRINCIPLES OF CANADA'S MIDDLE EAST POLICY

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacLachlan, to the Canada/Israel Committee Dinner in Ottawa on April 30, 1975.

I am pleased to join with my distinguished Parliamentary colleagues in greeting you tonight on the occasion of the twenty-seventh anniversary of the State of Israel. As this is the first time I have had the opportunity in my present portfolio to be present at such an occasion, let me add that I attach the highest importance to Canada's relations with Israel. The Canadian people have always had and will always continue to have special ties of friendship and respect for the people of Israel. I look forward to visiting Israel myself before the end of the year at the invitation of the Foreign Minister of that country.

The last two years have seen important and far-reaching changes in the Middle East, changes which have carried with them new responsibilities for Canada. Indeed, in this relatively short period, our commercial, economic and financial ties with all the states of the area have grown rapidly. We have provided some 1,100 logistic and administrative personnel for the UN forces in the area, and are the single largest contributor to the UN's current peacekeeping efforts in the Middle East.

With Israel an established market, we witnessed last year yet another substantial increase in our two-way trade. Of the 1972 Export Development Corporation agreement with Israel, I understand that the full \$100 million has now been committed for projects involving thermal-electric power-stations, hotels and the Ben Gurion Airport.

I have mentioned peace-keeping. We are glad to make a contribution to this vital UN activity, not only because it is indispensable to the peace of the area but because it is in the Canadian interest to strengthen the capacity of the UN to help preserve international peace and security. We believe, nevertheless, that peacekeeping operations are a means to an end -- a peaceful settlement of the dispute. If the forces can help to maintain or establish a climate in which substantive negotiations can begin, and if these are carried on in good faith, it is that much easier for Canada to justify its participation. In view of the present efforts by the parties concerned to seek alternative methods of negotiations following the failure to agree to further disengagement in the

Sinai, this task of the UN forces takes on a crucial importance.

The Government has not attempted to assert any preconceived notions about what might constitute the details of an eventual peace agreement. The parties themselves must work these out through negotiations on the basis of Security Council Resolution 242, which, in the Government's view, continues to constitute a valid framework upon which to base the negotiations required to achieve a just and equitable peace settlement. Canada has consistently refused to interpret this resolution or to draw implications from it that were not immediately apparent from the very wording of the resolution. To do otherwise would, I think, prejudice the shape of any potential settlement. We have insisted, however, on the necessity for all the parties to negotiate their differences. We know this is very difficult when the security and sovereignty of states are at issue. But is there any feasible alternative to negotiations if a solution is to be found that will be acceptable to all peoples of the area?

The Government has fully supported all initiatives to this end, including Dr. Kissinger's efforts to achieve a further partial settlement between Israel and Egypt. We regret the breakdown of these efforts and trust that new elements may allow their resumption. I understand that there has been a call for the reconvening of the Geneva Conference on the Middle East. For my part, I would hope that an acceptable formula can be found which would allow for the participation at the conference of all interested parties. What seems to me important is to build upon the stated willingness of each side to seek paths towards peace. To this end, and depending on developments, a return to Geneva -- assuming that adequate detailed preparations have been made -- might assist in the process towards a final negotiated settlement of differences.

It is clear that, in the continuing efforts to achieve an eventual negotiated peace, the Palestinians must play a role. Indeed, the re-emergence of the Palestinian factor in the Middle East equation culminated, as you are all aware, in a major debate at the last session of the UN General Assembly. I made clear at that time Canada's position on the issue. I reiterated Canada's support for the right of the Palestinian people to be heard and to participate in negotiations concerning their future status. At the same time, however, I firmly maintained the Government's refusal to comment on the form Palestinian representation should take in any such future talks. I trust I made clear the Government's view that this must remain a question to be resolved by the parties concerned. The Palestinian issue is not one that can be settled separately, but must be placed in the context of the efforts to work towards an agreed and acceptable peace settlement to all parties concerned.

Against this backdrop of profound change in the Middle East over these last two years, Canada's longstanding commitment to Israel's right of survival as an independent state in the area remains firm. It follows from this, as well as from our adherence to all the principles embodied in Security Council Resolution 242, that we remain opposed to any attempt to challenge the right of Israel or the right of any other state in the region to live in peace within secure and recognized boundaries free from threat and acts of force. Canada's earnest wish is to see all the peoples of the Middle East live out their lives in peace and security without constant fear of further war. A just and durable settlement of Arab-Israeli differences must be arrived at by the parties themselves through negotiations, and not by a resort to violence. Terrorist activities of the kind that occurred at the Savoy Hotel in Tel Aviv last month must only be condemned.

From what I have said tonight, I think it is apparent that, despite greatly altered circumstances, the fundamental principles of Canada's policy on the Middle East remain unchanged. While the Government is prepared to evaluate all developments in a rapidly-evolving situation in terms of their impact on the search for a peaceful settlement, it firmly maintains that such developments must not be allowed in any way to prejudice the continued existence of Israel. What is important for Canada now, as it has always been in the past, is that Israel and its neighbours continue the process towards a negotiated peace, freely arrived at and acceptable to all. No effort should be spared, and no opportunity missed, in pursuit of this objective, which, when achieved, would allow Israel, free from present constraints, and, in a climate of independence and confidence, to concentrate on the task it has always set for itself -- the promotion of the social, cultural and economic development of its people.



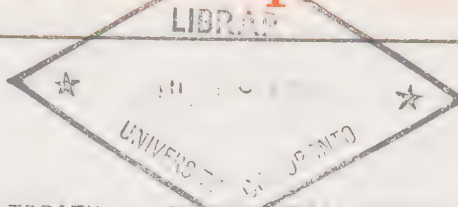




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# Statements and Speeches

No. 75/13



## THE NUCLEAR NON-PROLIFERATION TREATY -- AN ESSENTIAL SHIELD

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, Geneva, May 7, 1975.

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Madame President, we are here because of the world's concern about the proliferation of nuclear weapons, both the increase in those held by the existing nuclear-weapon powers and the danger that they will be acquired by additional states. Canada believes it remains vital to check these dangers, lest grave strains be placed on international stability or -- worse -- lest the risk of nuclear conflict become greater.

We believe that the Treaty on the Non-Proliferation of Nuclear Weapons remains the best available barrier to an increase in the number of nuclear-weapon states.

We also believe adherence to the Non-Proliferation Treaty is the best means by which those who forswear the possession of nuclear weapons can develop the non-military uses of nuclear energy while providing other nations with effective reassurances concerning their peaceful intentions. We believe that the treaty can encourage the wider sharing of nuclear resources and technology by ensuring that nuclear co-operation will serve only peaceful purposes. We see the treaty as important to international *détente* and to encouraging efforts to achieve nuclear disarmament.

Canada ratified the Non-Proliferation Treaty conscious that it had discriminatory features, that it had weaknesses, and that some states might not adhere to it. Nevertheless, we have given the treaty our strong support. We have done so out of the conviction that, on balance, the treaty clearly serves the interests of those very many countries like Canada that wish to avoid the moral burden, the dangers, the fears and the dissipation of creative energy and physical resources that would be entailed if they had to resort to nuclear arms in a world of many nuclear-armed states.

Our support for the purposes of the Non-Proliferation Treaty has not diminished, but this is not to say that we are confident of its continuing strength or fully satisfied with its implementation.

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The treaty's basic purpose is to ensure that no nuclear-weapon states parties to the treaty will transfer nuclear weapons to a non-nuclear-weapon state and that no non-nuclear-weapon state party will manufacture or acquire nuclear weapons or other nuclear-explosive devices. In the five years the treaty has been in force, an impressive number of states have made these pledges and all parties have remained true to them.

However, we should not hide the fact that the treaty is not as strong an instrument as we had hoped for. Although over 90 countries are now parties, many states have neither ratified nor signed the treaty. It was hoped that the treaty's existence would discourage even non-parties from developing nuclear-explosive devices for whatever purpose, but one of these states has carried out a nuclear explosion. We had also hoped that the treaty could encourage the nuclear-weapon states to achieve not only limitations but reductions in the size of their nuclear forces and a halt to nuclear-weapons testing. These goals still evade us.

The change in world energy costs has increased the need to facilitate the transfer -- especially to the developing countries -- of nuclear technology and resources necessary for the production of electricity. The treaty, however, has not yet established a universally-applied system under which nuclear co-operation can be expanded with full assurance that, in the longer term, only the peaceful uses of nuclear energy will be served.

The Non-Proliferation Treaty needs more vigorous support by all its parties -- a more determined implementation of commitments under the treaty. The treaty needs urgently to gain the adherence of states that have signed but not yet ratified it. We must seek the adherence of all states, whether or not we agree with their policies in other areas. The treaty needs to be reinforced by complementary measures that can be supported even by states that are not prepared to accede to the treaty at this time.

The recent ratification of the treaty by five more states of the European Economic Community and by the Republic of Korea, and the early ratification by Japan and several other states, will greatly strengthen the treaty, particularly as many of these states are highly advanced in nuclear technology. There is, therefore, the prospect of a more determined international effort to promote co-operation in the peaceful uses of nuclear energy under a strong non-proliferation regime. But that prospect could fade. That is why this review conference is of such importance. The conference must achieve a positive reaffirmation of the treaty's purposes and a re-dedication by the parties to meet their commitments under the treaty.

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It is a basic premise of the treaty that, if the further spread of nuclear weapons is to be halted, there should also be a halt to -- and, indeed, a reversal of -- the momentum of the nuclear-arms race. Following the conclusion of the Non-Proliferation Treaty, the Soviet Union and the United States began their strategic-arms limitation talks. These have been of major importance in promoting a climate of strategic stability and of political *détente* between the super-powers. But that is not enough. The talks have not halted the momentum of the nuclear-arms race or achieved steps of actual nuclear disarmament. The Canadian Government is conscious of the complexity and difficulty in achieving even gradual measures of nuclear disarmament. It is essential, however, that the super-powers make a more determined effort to achieve this objective at an early date. It is our hope that the final document of this conference will contain a firm recommitment to the objective of nuclear disarmament by the nuclear-weapon powers party to the treaty.

Perhaps the achievement of no other measure would so help to support the non-proliferation objective as the conclusion of a comprehensive test-ban. Canada will welcome any interim steps to facilitate the achievement of a comprehensive test-ban, but we strongly believe that, to meet the objective of the Non-Proliferation Treaty, a comprehensive ban must be achieved at the earliest possible date.

A second premise of the treaty is that it should encourage international co-operation in the exchange of nuclear technology and materials for peaceful uses, especially between advanced and developing countries. It is important that ways of fulfilling this objective be considered at this conference.

Canada will continue to play its full part in contributing to the International Atomic Energy Agency's General Fund for Technical Assistance and to the United Nations Development Program, which also finances projects implemented by the Agency. But it is Canada's intention to provide, within its overall aid criteria and priorities, increased amounts of technical assistance in the nuclear area, bilaterally or through appropriate multilateral channels such as the IAEA, to developing countries party to the NPT. Moreover, future Canadian bilateral official development-assistance commitments for the financing of nuclear projects will be undertaken solely to NPT party states. Furthermore, a country's adherence to the Non-Proliferation Treaty will be an important factor in reaching decisions on the provision of Canadian Government export financing in the nuclear field.

Let me add here that, whether or not Canada extends financial assistance in the nuclear field, it will provide nuclear material, equip-



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ment and technology to other countries only on the basis of binding commitments that Canadian supplies will not serve the development of any nuclear-explosive device for whatever purpose. This policy will apply equally to all countries. Canada is determined that its nuclear assistance must not contribute to the manufacture of nuclear-explosive devices.

The promotion of an effective international safeguards system is a prerequisite to a greater exchange of nuclear technology and materials, including exchanges between advanced and developing countries. Thus, both exporters and importers of nuclear technology and materials, whether or not parties to the treaty, have a strong interest in the application of effective safeguards by the IAEA. An exporter of nuclear materials and technology such as Canada is anxious to promote international commerce and co-operation in the peaceful uses of nuclear energy, but only with assurance that such co-operation will be fully compatible with international security. The most satisfactory way for states to give that assurance to the international community is by participating in this treaty and by accepting its safeguards provisions.

As more and more non-nuclear-weapon states parties to the treaty develop nuclear-energy capacities, the more important will be the role of IAEA safeguards applied in these states. These safeguards serve as a reassurance to neighbours and co-operating states alike that nuclear energy is not being diverted to the manufacture of nuclear-explosive devices.

Perhaps the most successful aspect of the treaty has been the IAEA's verification of the safeguards commitments of the non-nuclear-weapon states parties to the treaty. Canada was the first country with a large nuclear industry to accept NPT safeguards inspection of all its nuclear facilities. Any initial uneasiness we may have had about their possible intrusiveness or economic burden has disappeared. There is no evidence that their application has in any appreciable way hindered the development of nuclear technology or the operation of nuclear power facilities within Canada. Nor have they proved in any way incompatible with Canadian sovereignty.

It is important that the depositary powers also place their civil nuclear facilities under international safeguards as a demonstration of their support for the purposes of this treaty. The United States and the United Kingdom have already made offers to place their peaceful nuclear activities under IAEA safeguards and are negotiating agreements to this end. We welcome their willingness to do so. We urge the Soviet Union to take the same step. We hope that the acceptance of safeguards on their civil facilities by the depositary

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powers will eventually be followed by a halt in the production of fissile material for military purposes.

The careful accounting of nuclear material required by NPT safeguards can help to meet another growing problem. The increase in the production of fissile nuclear materials originating in nuclear-power reactors throughout the world and of transport of such materials has raised concerns about the possible theft of nuclear materials and of their use to threaten governments and societies. Although this danger is not dealt with in the Non-Proliferation Treaty, it is desirable that the conference encourage further international action to establish appropriate standards of physical security of fissile materials.

A controversial aspect of the international sharing of nuclear technology has been the question of the peaceful application of nuclear explosions. When the Non-Proliferation Treaty was negotiated, Canada was one of those countries that, while ready to give up the right to develop nuclear explosive devices, were anxious that non-nuclear-weapon states have full opportunity to share in any potential benefits from the peaceful application of nuclear explosions demonstrated by the experimentation of the nuclear-weapon states.

Considering Canada's vast size and resources, it might be thought that Canada is among the countries most likely to be able to benefit from peaceful nuclear explosions. Canadian Government experts have reviewed the economic and environmental acceptability of applying peaceful nuclear explosions in Canada. They have concluded that, generally, the experimentation so far undertaken in the United States and the U.S.S.R. holds out little promise for the practical application of nuclear explosions to resource extraction or engineering projects in Canada, at least during the next decade.

While circumstances vary from country to country, it is our view that, if there were to be a halt in the experimentation or application of peaceful nuclear explosions at this time, it is unlikely that any country would suffer significant economic disadvantage. We should think it in the interest of the non-proliferation régime and of achieving a comprehensive test-ban to halt experimentation in this area, at least until a thorough re-evaluation of the world's resource and energy needs presents a more compelling case for the use of peaceful nuclear explosions.

Some governments may have more optimistic views about the balance of potential benefits and risks of peaceful nuclear explosions. A thorough international examination of the value of continuing experimentation in the application of peaceful nuclear explosions is

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needed. Should it be the widely-shared view that the international community's interest would, on balance, be better served by continuing experimentation, it will be necessary to assess the need for a more formal international régime for peaceful nuclear explosions. That possibility was, of course, envisaged in Article V of the treaty. Consistent with the treaty, it would have to ensure that any benefits identified would be available to all non-nuclear-weapon states by way of services provided by the nuclear-weapon powers. To ensure that all states are informed of the results of experimentation and receive non-discriminatory treatment, such a régime should call upon the nuclear-weapon powers to give notice of, and to report on, peaceful applications of nuclear explosions in their own territories. Such a régime, however, could only be acceptable if it did not contribute to the development of nuclear weapons by either the non-nuclear-weapon states or by the nuclear-weapon powers.

This conference cannot be expected to resolve this complex issue. It involves many aspects. However, the conference should call upon the appropriate international bodies, particularly the IAEA, to see that this important question is fully explored.

I have referred to some aspects of the treaty that should be reviewed at this conference in the interest of engendering greater support for the treaty's objectives. The treaty's purposes will also be served -- and perhaps be best served -- by more vigorous efforts to lessen the tensions that exist between states in so many areas of the world today. The general effort of states to improve the international climate is paramount to discouraging the further proliferation of nuclear weapons.

Obviously, for those states in areas of current strife, the objective of greater regional stability and peace is vital. Article VII of the treaty points to the positive contribution that can be made to regional stability and non-proliferation by the establishment of nuclear-weapon-free zones. Such arrangements could find their basis simply in co-ordinated ratifications of the Non-Proliferation Treaty by states of a region. An incentive to such efforts would be an offer by the nuclear-weapon states of specific security assurances in respect of parties to such regional undertakings.

Canada's objectives at this conference can be summarized thus: First, we seek to obtain a clear recognition by the nuclear-weapon states of the urgency and necessity of reversing the momentum of the nuclear-arms race and an affirmation by them of greater determination to reduce their nuclear-destructive capabilities. Second, we wish to see a recognition by all non-nuclear-weapon states that their security interests are best served by preventing a further proliferation of

nuclear-weapon states and by reaffirming their determination to pursue only the peaceful uses of nuclear energy. Third, we seek greater recognition of the need for all countries, and particularly the developing countries, to have access to nuclear technology and materials where this can serve their social and economic well-being, but with the understanding that such nuclear co-operation will take place only in a way to ensure the world's security.

Madame President, I have not attempted to hide the fact that the Non-Proliferation Treaty is not a perfect instrument and that its implementation has not fully met our hopes. I have pointed to the increased dangers of nuclear proliferation. I have stressed the urgent need for stronger support of the treaty as the basic international instrument to prevent further proliferation and to promote international co-operation in the peaceful uses of nuclear energy. This conference must respond to this need. This conference must arrive at a firm and vigorous declaration of mankind's need for a saner charting of its future nuclear course.







# Statements and Speeches

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No. 75/14

## ASSESSING CANADA'S AID TO THE THIRD WORLD

Notes for a Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at St. Mark's United Church, Port Hawkesbury, N.S., May 4, 1975.

The subject I wish to discuss with you this morning is aid to developing countries, and more broadly Canada's relations with the Third World. Considerable attention has been focused recently on this subject, in the press, within our Government and in international forums. In trying to define a future role for Canada in this area, I have been asking myself some very fundamental questions. These, I think, go to the heart of an assessment of what Canada can and should do in assisting the Third World.

First, what are the basic reasons for having an aid program?

Second, what level of aid expenditure does the Canadian public, and more specifically the Canadian taxpayer, wish to support? I have in mind here Canada's domestic economic situation and the possibility of alternative ways of spending public funds for domestic programs.

Third, in what way can the public and non-governmental organizations be encouraged to play a more active role in aid and development matters?

Fourth, how can Canada and other wealthy developed countries assist developing countries in ways beyond the provision of aid?

Fifth and finally, is there a need, as many developing countries have asserted, for a new international economic order?

In considering aid policy toward developing countries, one must seek the basic reasons for having an aid program in the first place, and for transferring significant resources and wealth from one country to others.

We are all a part of the community of man. One of man's primary claims to civilization is that he is prepared to care for his fellow man and share his wealth and resources with others. This manifestation of civilization can be seen in a family, a community and a nation, and it can also be seen among nations. It is, in my view, the primary reason for providing assistance to countries less fortunate than our own.

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Such assistance can take many forms.

It can be justified on humanitarian grounds, particularly when there is an urgent and immediate need for relief when natural disasters and man-made conflicts have caused widespread suffering among innocent victims.

Or aid can be of a longer-term nature, aimed at creating self-sufficiency in an economy where none exists. In such cases its aim is to elevate living standards and levels of production in an economy so that development in this economy will eventually become self-sustaining. I hold the view that a special emphasis in the providing of aid should be placed on the needs of the poorest countries in the world and, within them, on the poorest sectors of society.

An aid program can also be viewed as being advantageous from the point of view of the donor country. The result of a sustained and satisfactory relation based on an aid program can be the strengthening of relations between the countries concerned, with long-term benefits for them in a wide variety of fields such as trade, investment, industrial co-operation and cultural exchanges. On my recent visit to Africa, I have seen the results of our substantial aid programs there, in terms of both the benefits to the recipient countries and the warm and friendly relations between Canada and these countries.

My second question concerns the level of aid spending the Canadian taxpayer is prepared to underwrite.

One might think that, in view of our own economic difficulties, people would want to cut back on aid. But in my experience Canadian public support for government spending on foreign aid is strong and growing. In the correspondence I receive, I am urged much more frequently to do more for developing countries than I am to do less.

Canadians are a fortunate people. Our country is one of the wealthiest in the world, both in terms of living standards and in terms of natural resources, including particularly food and energy, two areas which have been focal points of global concern in recent years. As a result, Canadians can afford to be generous, and in my experience they are inclined to be generous, when it comes to our relations with countries of the Third World.

But it is not simply a matter of generosity. We live in an increasingly interdependent world. The well-being of developed countries like Canada is more and more bound up with the fate of the developing world. Our best interests, therefore, require us to assist

developing countries. Governments of some developed countries have experienced inward-looking and isolationist pressures that would have them restrict or curtail their aid programs and limit their efforts exclusively to the search for solutions to domestic problems. But Canada must be and is an outward-looking nation, dependent on good relations with countries in many parts of the world.

The Canadian public, in my view, recognizes these realities and therefore strongly supports the "thrust" of our important and growing aid program.

Related to public support for aid is the question of public involvement.

I have wanted for some time to bring members of the public and non-governmental organizations more directly into the foreign-aid process. Participation by individuals and groups of persons interested in Canada's assistance to countries of the Third World is being facilitated and encouraged. Canada's non-governmental organizations have long participated actively and effectively in providing aid to developing countries, particularly in the field of humanitarian and emergency relief. The Canadian International Development Agency has made available increasing amounts of funds for Canadian non-governmental organizations to strengthen their capacity to play a significant role in assisting the peoples of the Third World. This financial support will continue to grow.

A new dimension of public participation will be made possible by Canada's new voluntary food-aid program, which is a direct outgrowth of the World Food Conference held in Rome in November of last year. I shall seek through this program to encourage and facilitate participation by the provinces, the public and non-governmental organizations in our food-aid efforts. This will give all those who want to take part as individuals or organizations in our aid activity a greater opportunity to do so. The program will be co-ordinated by the Federal Government and will, I hope, prove to be a co-operative venture involving many sectors of Canadian society in a global undertaking in which Canada plays such an important role.

I turn now to my fourth question: How can Canada and other wealthy countries assist developing countries through means beyond aid programs?

Increasingly, the developing world has been seeking ways of going beyond aid in its relations with the industrialized world. Aid is but one factor in influencing the development performance of a poor country. For such countries, basic trade and monetary issues, the

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prices of their export commodities and the prices of the goods they must import are more crucial to their future and their prosperity than aid flows. More and more developing countries want to outgrow their role as aid-recipients and participate as full and equal partners in an international economic system that to date has left them somewhat on the periphery.

Steps must be taken to give higher priority to the trade, monetary and financial problems of developing countries. They seek more favourable treatment for their exports. They would like improved access to capital markets, and they want arrangements in the international monetary system that more adequately meet their needs. We are working towards these objectives at the multilateral trade negotiations under the GATT, through the International Monetary Fund and the World Bank and through the United Nations system. These matters are being discussed at the Commonwealth heads of government meeting now being held in Kingston, Jamaica, and we look forward to the opportunity at the seventh special session of the United Nations General Assembly, to be held in September of this year, for further progress in this important area.

Finally, I should like to address the issue of whether or not we need a new international economic order. A call for a new international economic order has been made in the past year by the developing countries. This appeal is often made in strident tones caused by the frustration of years of economic stagnation and deprivation in a world in which prosperity and wealth continue in a kind of peaceful coexistence with poverty. There is confidence and unity in this demand by countries of the Third World for a new system that will place them, relatively, in a more advantageous position in the world's economy -- not as recipients of the fruits of the voluntary generosity of the rich but as equal partners in, and benefactors from, the system itself.

Their approach initially caused concern among many policy-makers in the developed world. The conception of a new order implies the destruction, or at least the drastic reform, of the old. And yet it is clear to all perceptive observers of the international scene that we are already in the midst of a process of transition toward a new international economic order. This is a process in which the idea of interdependence has taken on a new and more balanced meaning. Not only are developing countries dependent on the industrialized countries, in areas such as aid, technology and investment, but the industrialized countries are dependent on the developing countries, particularly in the area of natural resources.

If the old order resulted in exploitation of the poor by the rich,

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# Statements and Speeches

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No. 75/15

## INTERNATIONAL CO-OPERATION -- MORAL IMPERATIVE AND POLITICAL NECESSITY

Notes for a Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Canadian Institute of International Affairs, Ottawa, May 20, 1975.

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Until recently, international development could be discussed almost exclusively within the framework of bilateral and multilateral aid programs. True, there were a few experts, a few Cassandras, who claimed that international assistance was not working, since there could never be enough of it to finance the social and economic transformation of the three-quarters of the world that lived in poverty. True, the developing countries were not only clamouring for more aid but also asking, in UNCTAD and other arenas, for a re-vamping of international trading arrangements that would enable them to "earn their own way", so to speak, -- that is, to finance their development out of export earnings. All of us were familiar, long before the seventh special session of the United Nations, with the slogan "trade not aid".

Yet international development was still mainly discussed with reference to the aid relationship. Statistics were endlessly recomputed, as if more dollars could be wrung from figures. A call to do more invariably meant more money for international development agencies. Studies and reports tended to focus on various aspects of the aid relationship -- bilateral *versus* multilateral aid, agriculture *versus* industry, the sending of experts *versus* technical training, ways and means to relieve them of their debt burden, or to co-ordinate more effectively assistance made available to them from various sources. By and large, the contribution of donor countries to international development was still considered as a response to a moral imperative. The affluent sought to buy their peace of mind with a slice -- quite often a substantial slice -- of national budgets. The problem thus defined, only a predetermined set of questions needed to be answered. The technicians having taken their cue from the moralists, vital issues of development were thrown out with the bath-water of aid.

What has changed recently is that, while remaining a moral imperative, international co-operation in the field of development has become a political necessity. The persistence of acute economic disparities in the world, the lack of effective and visible progress to

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reduce them, now appear quite obviously, in my view, as a threat to international stability and a recurrent source of tensions and conflicts. You are no doubt aware of the strains placed upon the United Nations during the last session by some of the initiatives and tactics of the so-called new majority from the Third World. You are also aware that the sudden and very considerable increase in the price of oil decreed less than two years ago by OPEC countries has been a source of acute economic difficulties for the rest of the world -- developing as well as developed. I cite these examples not to blame this or that group of countries; indeed, I think that very little would be achieved by "passing the buck" and distributing the blame. But these two sets of events well illustrate my point. The countries of the Third World sought to advance their political interests in the United Nations through questionable means; but they did so because they felt that all other avenues were blocked. Similarly, the OPEC countries raised the price of their oil much too suddenly; but they did so in an international economic environment where inflation had been rampant for years with little being done to check it, and where there existed no effective framework for negotiations between producers and consumers.

The fact that history never quite repeats itself should not prevent us from learning what we can from those recent events. If we are really sincere when we say that we do not like cartels because they are not the most effective means to maintain a balanced and equitable economic relationship between producers and consumers of raw materials, then we should use our imagination and determination to forge better instruments. Similarly, if we are really serious when we claim that Third World countries are endangering the network of international institutions by attempting to achieve through them purposes for which they are not suited, then we should seek more actively, in co-operation with them, arrangements that would suit these new purposes.

The interdependence of all nations has become the cliché that graces after-dinner speeches such as this one. Yet we are faced today with the hard reality of such interdependence. OECD countries can no more attempt to resolve collectively the problems of the industrialized world than the OPEC countries can resolve those of the oil-producing world; and similarly for the wheat-producing world, the iron-ore-producing world, the coffee- or cocoa-producing world. Canada, like all other countries, is part of all these worlds, as consumer or producer, and often as both. This is why the Government has undertaken a comprehensive review of its economic relations with developing countries; and, needless to say, this review must take into account Canada's changing relationship with other developed areas of the world, such as the United States, Europe and Japan.

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This review goes much beyond the activities of the Canadian International Development Agency, for which we are now framing a new set of operational guidelines for the next five years. It encompasses commercial policy -- both the modalities of our participation in the multilateral trade negotiations now going on in Geneva and the instrumentalities of our bilateral trade with developing countries. It encompasses also our approach to international commodity agreements, the ways and means by which Canadian technology is made available to developing countries, the framework within which Canadian enterprise can participate in the industrialization of the Third World. We are seeking, of course, arrangements that will be beneficial to developing countries; but we are also seeking those arrangements that will be the least costly in terms of Canadian interests. For, if we are really to abandon our exclusive reliance on the aid relationship to accelerate international development, then a greater element of mutuality must gradually be introduced into our overall relationship with developing countries. We are asked to open more liberally our markets to the manufactured products of the Third World; but, if we do so, I think it would be reasonable to expect developing countries to keep in mind the textile workers in Quebec, the small assembly plants in the Maritimes, the farmers in the Prairies. We are asked to ensure that commodity producers in the Third World receive fair prices for their exports; but, if we do so, I think it would be reasonable to expect them to recognize that our economic well-being also depends heavily on the export of primary commodities. And, if developing countries want us to take account of their interests as consumers of wheat, say, then perhaps they should keep in mind that Canadians are heavy consumers of sugar, coffee and other tropical products.

You may ask: Why should they do so? Are they not incomparably poorer than we are? Are we not rich enough, developed enough, both to assist the developing world and to look after our own interests?

In the abstract, there may be some merit in that line of reasoning; but in the real world, it leads nowhere. No Government of Canada could alter its economic policies in favour of developing countries unless it were supported by the Canadian electorate; and the Canadian electorate is made up of workers and farmers from Quebec, the Maritimes, the Prairies and other regions. These workers will not support policies that would deprive them of their jobs overnight; but I believe they would support adjustments in the Canadian economy that would gradually make room for the manufactured products of the Third World, gradually improve their export earnings from raw materials, and gradually develop in those Canadian regions that would be affected new industries that might better reflect the country's fundamental trade advantages and whose products could be exported in

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return to developing countries.

What will be the outcome of the review now under way? Quite frankly, I do not know. The Interdepartmental Committee we have set up for this purpose has been meeting for only a few months; its preliminary working papers are not yet completed. But I know that the extent to which we shall be able to adjust our economic policies to the new realities of international development will depend on a great many factors. First, it will depend upon the state of the world economy, since a resumption of growth in the world would stimulate exports and production in Canada and enable the Canadian economy to adjust more easily to a new trading pattern, more favourable to developing countries. Secondly, it will depend upon how successful we shall be in curbing inflation while maintaining the domestic rate of growth in Canada -- so that the efforts of my colleague, the Minister of Finance, in negotiating a program of voluntary restraints with the various sectors of the Canadian economy have a direct bearing upon our ability to meet the demands of the Third World. Thirdly, it will depend upon how successful we shall be in persuading other industrialized countries to follow suit. For we live, after all, in a competitive world; and adjustments that might be easily bearable were they to be made simultaneously in the United States, Europe and Japan would become unbearable if Canada were to be the only country to undertake them. It will depend, finally, on a lot of other factors: the ability of developing countries to leave slogans aside and to deal with practical issues; their willingness not to interject into every discussion on economic affairs extremely difficult, and hardly related, political issues such as the Middle East conflict; and the skill, flexibility and imagination that politicians and technicians from all countries will be able to muster.

But certainly one can imagine a different world economic environment, in which international development would proceed at a faster pace and in the right places. In such an environment, the industrialized countries would have become the "arsenal" of world development, through the conversion of their less-efficient consumer-goods industries into supply bases for agricultural development and industrialization programs in the Third World. The investment patterns in the industrialized regions would gradually have shifted towards capital-goods industries, producing the industrial machinery and equipment that Asia, Africa and Latin America would absorb in huge quantities. The countries of the developing continents could then afford to purchase such machinery and equipment, with the substantially-increased earnings they would derive from exports of commodities and manufactured goods to the "old" industrialized countries. Access to the markets of these countries, and perhaps to those of other developing countries, would have improved gradually, so that



appropriate industrial conversion plans would have been implemented in the affected regions. Quebec workers might then be manufacturing rice-cultivation machines for Bangladesh, instead of textiles; Maritime industries might be supplying mass-produced pumps for the Sahel irrigation network and fish-processing plants for the West African coast; Prairie manufacturers might have become suppliers of agricultural inputs -- from tractors to fertilizers -- for much of the Indian subcontinent.

The development plans of numerous developing countries would have become self-financing, following the negotiation of international commodity agreements that would establish stable and profitable prices for raw materials and agricultural products. Stockpiling and proper planning would avoid gluts or shortages of agricultural products, in spite of the occasional crop failure; while adequate conservation measures, combined with sustained exploitation and research, would stabilize the supply and demand for minerals.

International financial institutions would operate in such a manner as to facilitate international investment under secure conditions in developing countries, so that countries with balance-of-payments surpluses -- particularly OPEC countries -- would be able to finance massively and profitably the industrialization of the Third World. Appropriate national and, if necessary, international mechanisms would regulate the activities of transnational corporations. These mechanisms would ensure, among other things, that the financial and personnel practices of these corporations were beneficial to host countries, that taxation, local reinvestment and profit-repatriation regulations provided a stable base for investment, and that nationalization of assets took place in accordance with recognized procedures. With the assistance of "old" industrialized countries, the Third World would begin the long, slow process of building up its own technological base; while the existing R & D capacities of developed countries would be increasingly devoted to resolving the technical problems faced by developing societies.

One can always dream, you will say! But I challenge anyone to show that the "new international economic order" I have projected into the future is not entirely feasible, technically and economically -- given time, a lot of hard work and the will to bring it about. I should go further, and claim that a gradual shift of Canadian policies in that direction would be fully compatible with most of our other national goals. I should even contend that the achievement of some of these goals, such as trade diversification and regional development, might be greatly facilitated. Eastern Quebec and the Atlantic Provinces, after all, are much closer to Africa and Latin America than is southwestern Ontario; so that these less-developed

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regions would gain a locational advantage for industry, should Canadian trade patterns shift towards these overseas markets. Similarly, the Western Provinces would undoubtedly benefit from the expansion of our markets in Asia.

In conclusion, I should like to emphasize that, irrespective of the new trade and financial arrangements that the international community might be able to implement in coming years, there will always be a considerable need for development assistance. Even the best of arrangements will never fit adequately the requirements and conditions peculiar to each country; and we cannot expect the economic benefits from such arrangements to be distributed equitably among all developing countries. Oil, for example, is and will remain a more valuable product than iron ore or cocoa; the bargaining power of some commodity-producers will always be greater than that of others because some resources are concentrated in fewer countries; and, of course, there are quite a number of places in this world with few resources in relation to the population they must sustain, whose development, consequently, will require substantially more outside capital.

So, no matter what transformations occur in the world economy, the wealthier countries will have to maintain development-assistance programs. It may not be the answer to the problems of the Third World, but it is certainly an essential component of the development equation. In fact, I should compare the function of international aid to that of equalization payments and other federal grants within the Canadian framework; it seeks to ensure that, in the long run, none of the peoples in the community of nations will be forced, for lack of means, to live below the minimum standard set for human decency.

In this respect, I should say that I have been most concerned recently by the stagnating levels of development assistance in many traditional donor countries and by the cuts that economic difficulties have forced some donors to practise in their aid budgets. These alarming developments, unfortunately, buttress the point I made earlier -- that economic interdependence is a reality from which there is no escape. The balance-of-payments difficulties of one group of countries, which have caused them to reduce their financial assistance to a second group of countries, resulted less from domestic mismanagement of their economy than from a fourfold increase in the price of energy imposed by a third group of countries! And the downward spiral can go on: less development assistance will mean fewer imports by developing countries; fewer imports will mean a smaller output of manufactured goods by industrialized countries; less output of manufactured goods will mean fewer imports of raw

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materials from developing countries; and so on.

It is urgent that we cut through this vicious circle everywhere possible, if we wish to restore the rate of growth of the world economy at a high but sustainable level. I should suggest, for example, that donor countries, for their part, undertake to maintain at the very least the real value of their development-assistance budgets, which, in present inflationary conditions, would necessitate a nominal increase of over 10 per cent a year in most countries. I should point out that the impact of stagnating assistance from traditional donors has been somewhat cushioned by the entry into the breach of OPEC countries. Whatever may be said of oil-producing countries, the contributions they have made to the Third World cannot be denied. Already, for example, several Arab countries have allocated to development assistance a larger proportion of their gross national product than the target of 1 per cent suggested by the United Nations. This is a welcome development, which indicates that, whatever new economic order may emerge in the future, there will be a sharing of the burden as well as a sharing of the wealth.

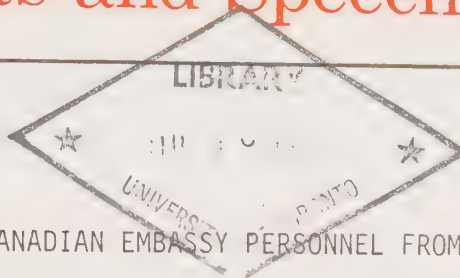






# Statements and Speeches

No. 75/16



THE TEMPORARY WITHDRAWAL OF CANADIAN EMBASSY PERSONNEL FROM SAIGON,  
APRIL 24, 1975

A Statement by the Secretary of State for External Affairs, the  
Honourable Allan J. MacEachen, Ottawa, May 26, 1975.

Since there has been recently some criticism by the media of the temporary withdrawal of the personnel of our Embassy in Saigon, a general account of the situation which led to this decision is appropriate. The Canadian public should be aware that, by the time the decision was taken, on April 24, the situation in South Viet-Nam had deteriorated very seriously. Our Embassy, like that of most countries accredited in Saigon, could no longer function effectively; indeed, most of its normal functions could not be fulfilled at all. The CIDA program, for example, had ceased. Our chargé d'affaires and his staff were prepared to remain, but the Canadian Government judged that no useful purpose would any longer be served by their doing so.

## Functions of the mission

The mission had three main functions to perform in those tragic and confused final days. One was the evacuation of Canadians and of their dependents if they wished to leave; the second was the protection of Canadians remaining in Viet-Nam; the third was assisting the departure of Vietnamese citizens with Canadian connections. The first of those functions could, in fact, be discharged, and the Canadian Embassy did evacuate from Viet-Nam all the Canadians and their Vietnamese dependents who wished or could be persuaded to leave. Those who remained did so for personal reasons that we must respect; but they received several warnings about the closing of the mission and were given an opportunity to leave on any one of the five flights organized with the co-operation of the Department of National Defence using Canadian *Hercules* aircraft. The other two functions, however, had, by April 24, become largely theoretical and could not be fulfilled. It was clear, for example, that the Embassy had exhausted all possibilities of effective assistance to Vietnamese citizens with Canadian connections who wished to leave.

We were dealing with Vietnamese authorities who were determined as a matter of policy to prevent the departure of their own citizens on any scale. Our chargé d'affaires pressed long and hard (ultimately with success) to have that policy waived in respect of the Vietnamese dependents of Canadian citizens. But it had become clear

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that there was no hope of having the policy waived generally for Vietnamese citizens who wished to leave. Events after our departure have borne out that judgment, and it is worth noting that embassies that remained after our departure had no more success than we did in having the policy changed. It must also be stressed that, until the last minute, the Vietnamese authorities remained able to prevent departures they had not authorized. Indeed, on the day our chargé d'affaires left, the authorities did, in fact, prevent the departure of persons who were in his automobile and whom he was trying to bring with him.

#### American operations

There was only one real exception to this general situation. It is that the U.S. Embassy, especially on the last day of its evacuation, brought out large numbers of Vietnamese who, as far as we know, were not authorized to leave. The Americans could do so for reasons that are unique to themselves; they are certainly circumstances that did not apply to Canada. Rightly or wrongly, the U.S.A. had been present and active in Viet-Nam for years, as a major military power engaged in major military operations. Canada never shared their involvement, never had the physical means and resources that went with it, and never had the status that the U.S.A. enjoyed and that conferred upon it the ability to act independently of the South Vietnamese authorities. The Canadian people, over the years, did not wish that Canada share the military involvement and status of the U.S.A. in Viet-Nam; we did not, therefore, share the power of independent action that went with that involvement.

What the U.S.A. could do in South Viet-Nam, at the very end, Canada could not do. But there is more -- what the U.S.A. may have needed to do Canada did not automatically need to do. For example, it could be thought that Vietnamese who had been closely involved with the Americans were in danger from the new South Vietnamese régime and had to be evacuated for that reason. The same is not true of Vietnamese who were associated with Canadians. There are, for instance, no valid grounds to assume that having worked for Canada or for Canadians in South Viet-Nam places Vietnamese citizens in jeopardy. There was, therefore, not the same need to assure their evacuation from their own country.

We should, I suggest, beware of subjective spill-over, into Canadian perceptions, of concepts or responsibilities that are specifically American. To say that we have humanitarian reasons to take into Canada some of the Vietnamese refugees, including those evacuated by the U.S.A., is one thing; to suggest that in the last days of American presence in South Viet-Nam we had the need, the ability or

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the responsibility to do what the U.S.A. did is, I suggest, quite another matter, and it seems to me quite obviously wrong. I wonder whether much of the criticism we have seen and heard recently does not come from the failure of some to draw a clear distinction between the American and Canadian positions.

### Decision to leave

As it was, when the decision was made to withdraw Canadian Embassy personnel from Saigon on April 24, the Canadian Government faced a choice. We could have simply stayed. The experience of those who did so suggests that we should have served no practical or useful purpose by doing so. Alternatively, we could have, as some did, stayed until the American evacuation a few days later. We should then have risked being caught up in a hazardous and unsatisfactory evacuation, from a Canadian standpoint, under the direct protection of the armed forces of the U.S.A. with all that would imply, or we could have been left behind by default rather than by choice (as some foreign missions were) in circumstances that could have left our mission hostage to the unknown policies of the new authorities. What I mean by that is that we considered that the continued presence of our Embassy could have serious consequences, since our decision to accept refugees in Canada corresponded to the humanitarian instincts of Canadians but appeared to conflict with the desires of the new authorities in South Viet-Nam. Our final choice was to withdraw our mission in an orderly way, using Canadian means, taking with us those Canadians and their Vietnamese dependents who wished to leave, and those Vietnamese citizens who could be got out under the constraints of the situation, of our resources and of our responsibilities. That is what we did. Other countries, including Australia, Britain, Malaysia, New Zealand, the Netherlands and West Germany, took the same decision earlier or on the same day. Even with the benefit of hindsight, we should not have done otherwise, and I suggest that events have proved that we did the right thing.

It was a particularly difficult and trying time for the members of the Canadian mission in Saigon. I think it must be said that they did their job remarkably well in remarkably difficult circumstances. The officers of the Department of Manpower and Immigration carried out their work with a great sense of responsibility in increasingly unproductive circumstances, until it became clear that their presence no longer served a useful purpose. After their departure from Saigon, the members of the Department of External Affairs continued to do their best to discharge their responsibilities in a situation which continued to deteriorate. They did so under the devoted and competent leadership of our chargé d'affaires, Mr. Ernest Hébert,

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whose performance in the days leading to the evacuation and in the process of evacuation itself deserves praise. I am sorry that it has instead provoked strong and emotional criticism in some quarters. I think it needs to be said here that, in my opinion, such criticism is unjustified and unfounded. I can only congratulate the members of the Canadian foreign service for the job they did in the difficult circumstances that I have described.





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# Statements and Speeches

No. 75/19

## FREEDOM AND DEMOCRACY -- THE STRENGTH AND PROBLEM OF NATO

Remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, at the NATO Summit Meeting in Brussels, May 30, 1975.

One of the principal paragraphs of the Ottawa Declaration proclaimed the continued dedication of each member of this alliance to the several principles of democracy, respect for human rights, justice and social progress.

That paragraph, more than any other in the Ottawa Declaration, serves to distinguish the NATO countries from those of the Warsaw Pact. More even than that, the dedication contained in that paragraph represents the fundamental strength of this alliance.

Yet, distinctive as they make us, strong as is our alliance because of them, democracy and freedom create for us problems of a kind unknown to the Soviet bloc:

Unlike the Warsaw Pact [leaders], it is not sufficient for us as government leaders merely to proclaim our support for NATO. We must be able as well to persuade our electorates of the benefits of the alliance if we are not to be swept out of office or forced to change our policies.

Unlike the Warsaw Pact [leaders], we are disinclined by instinct to accept without challenge charts and tabulations prepared by military advisers, no matter how articulate and competent those advisers may be. We, and our constituents, insist on the right to cross-examine, and on the right to question.

This freedom and this democracy, which unite us in their defence, are the source both of our resolve and our interrogation.

Without common resolve -- yet, equally, without full understanding of the goals of this alliance --, we cannot force from our peoples automatic acceptance of the NATO credo; we cannot, especially in times of economic uncertainty, count on the willingness of our citizens to bear without question the increasing cost of the defence burden; we cannot maintain indefinitely the necessary dedication of each succeeding generation.

I am satisfied that there is in Canada at this time overwhelming

support for the principle of collective defence -- sufficient to permit my Government to increase the Canadian defence budget by 12.5 per cent last year and another 11.5 per cent this year. I am equally satisfied that this support is the product of the wide-ranging public debate undertaken by my Government several years ago. That support continues today notwithstanding the desire for *detente* and the impact of inflation. It continues because Canadians understand the need for NATO and believe in its constructive aims as well as its defensive concepts. Equally, however, if my colleagues and I find ourselves at any time unable to explain convincingly to Canadians the basic rationale and defence strategy of this organization, that support would diminish as surely as we sit here today.

I have come here, Mr. Chairman, for three reasons:

*The first* is to state clearly and unequivocally Canada's belief in the concept of collective security, Canada's support for NATO, and Canada's pledge to maintain a NATO force level which is accepted by our allies as being adequate in size and effective in character. As long as the Warsaw Pact continues to increase the size and preparedness of its forces, we cannot afford to leave them unopposed.

*The second reason* is to urge that we at this table accept as an essential ingredient of consultation the continuous challenging of alliance tactics and strategies, because, unless we, as governments, are convinced of their worth, we shall be in no position to convince our followers or our Parliaments. I plead for more frequent opportunities for NATO heads of government to gather together for consultation, to discuss among ourselves the essential political questions and to suggest the appropriate political responses. I say this because the strength and the credibility of this alliance depend upon its political, every bit as much as its military, character. We as political leaders must consider and be satisfied with the wisdom of the basic strategies and military plans of our advisers. We can best do that by more frequent consultations.

*The third reason* is to urge that we so organize ourselves as to mount and sustain -- perhaps through CCMS [the Committee on the Challenges to Modern Society], as suggested by President Ford -- a challenge of peace and of human dignity to the Warsaw Pact. Prime Minister Wilson referred to this theme when he drew upon the experience of the Commonwealth Conference and later when he stressed the need to lend emphasis to the MBFR exercise.

President Ford yesterday concluded his address with an appeal that, together, we "build to face the challenges of the future". Some of

those challenges are novel, some are exceedingly familiar. I am optimistic that Western genius, which is at its best when it is creative rather than responsive, will overcome all these challenges.







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# Statements and Speeches

Government  
Publications

No. 75/20

## MOVE TO ESTABLISH A NATIONAL PETROLEUM COMPANY

A Statement to the House of Commons on March 12, 1975, by the Minister of Energy, Mines and Resources, the Honourable Donald S. Macdonald.

It is my pleasure today to rise and move that Bill C-8, to establish a national petroleum company, be read the second time and referred to the Standing Committee on National Resources and Public Works. This bill is a most important element in the Government's long-term planning to secure adequate supplies of energy to meet our national needs. It is firmly rooted in the basic objectives of our energy and resource policies, which are to ensure for Canadians adequate and reliable supplies at reasonable prices, as well as a direct share in the wealth which development of our resources generates.

My emphasis on long-term planning is deliberate and necessary. We harbour no illusions that establishment of a national petroleum company is likely to lead to early and spectacular results in terms of massive energy development or financial success. I want the House to know that we are going into this venture in full realization of the fact that the hazards of exploration risk, technical and commercial uncertainty await this venture. We are nevertheless convinced that the national interests now require a significant degree of federal public enterprise in the oil and natural-gas area. This enterprise will complement other federal efforts in the uranium and nuclear sectors, and reinforce provincial activities in electric power.

The vehicle we have chosen to carry out this function is a national petroleum company. Its organization, structure, objects, powers and duties are described in the bill and summarized in the Administrator's recommendation attached to it. The bill is neither lengthy nor complex, and detailed discussion of its provisions should be held for the committee stage. I do wish to spend some time, however, explaining to the House why this legislation has been brought forward.

Honourable members will recall that the energy-policy review which I published nearly two years ago included extensive description of the role of state participation in the energy industry in Canada and abroad, together with a careful analysis of the benefits and drawbacks which might stem from the creation of a Canadian national petroleum company. The advantages and disadvantages, as represented

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in the review, appeared to balance out, and no conclusion was drawn one way or the other. I think that this fairly reflected the Government's position at the time.

I need hardly remind the House how much things have changed since then. The physical limitations of commercially-accessible energy resources in Southern Canada have become even clearer. The economic, technical and environmental problems of developing the energy resources on our geographical and technical frontiers -- the North, the oil-sands and the offshore -- have, if anything, been magnified by the passage of time. The terms and channels of access to overseas oil and energy supplies to meet deficiencies in our domestic resources have sharply changed. Fresh uncertainties have arisen as to the physical security of those supplies in certain circumstances. And we have experienced, and still face, huge increases in the real cost of our energy supplies, whether from the domestic frontiers or from abroad.

Our published analysis of the pros and cons of public enterprise in the petroleum industry was carried out towards the end of a long period of tranquillity, and apparent stability, in domestic and international energy affairs. The changes since then, in circumstances and outlook, have been radical and, for the most part, permanent. It is the extent and nature of these changes which have, in our view, tipped the balance decisively in favour of federal entrepreneurship in the oil and energy industries.

This does not mean that the Government finds that Canada has not been well served by private enterprise in the petroleum industry. Private companies, whether Canadian or foreign-owned, have generally worked vigorously to develop our oil and gas resources, to create transportation systems for them, and to refine and distribute oil products efficiently. The privately-owned Canadian oil industry has a good record of technical and managerial innovation.

The concerns which have led the Government to propose establishment of a national petroleum company have much more to do with the future than with the past. These concerns relate principally to matters of energy supply -- particularly the supply of oil and gas.

The Government does not feel assured that the private sector can be relied upon to mobilize all of the enormous amounts of capital which will be required to secure energy development consonant with Canadian needs over the longer term. Nor can it be certain that, faced with attractive investment opportunities and geological possibilities abroad, the private oil industry will be able to con-

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concentrate as much effort on our own petroleum-prospective areas over the next decades as our needs require.

There are uncertainties, too, in respect of arrangements to import the oil which we need to supply consumers in the eastern part of our country. Oil resources in overseas exporting countries are quickly coming under the ownership and control of state-owned petroleum companies. As I will elaborate later in these remarks, circumstances could well develop in such a way that oil imports could more advantageously be made by a nationally-owned Canadian corporation than by the private companies which have so far served us in this area.

The compelling reasons for creation of a national petroleum company relate, therefore, primarily to security of supply -- from our domestic resources and also possibly from abroad. Besides providing a new focus for mobilizing capital and skills in the service of necessary resource development, the company will bring to the petroleum sector the social benefit to Canadians of the pride, satisfaction and confidence of owning a portion of this critically-important Canadian industry. I firmly believe that a majority of Canadians desire such a presence and a broadening of Canadian ownership in this industry.

As this enterprise develops, we can reasonably expect to reap a number of side benefits. A degree of knowledge and insight will be available which simply cannot be acquired by other means. This insight will extend to a first-hand experience of the effects of our own and provincial governments' policies, and thereby to the appropriate design of those policies to the benefit of all parties. The national petroleum company may also be able to play an important role in regional development. Also, within what might be regarded in part as a "social function", the company will be expected to pay special attention to education and training of native peoples in the petroleum sector. Finally, the company would be expected to carry out research into problems of petroleum development which are peculiar to Canadian circumstances.

Let me now exemplify how we envisage the company will be able to serve the national interest in terms of expanding our domestic supply potential, improving our access to overseas resources, and reaping a number of other benefits for the country as a whole.

We have chosen to set the national petroleum company in a corporate business framework as a means to achieve our goals better. In its organization and business methods, the company will be subject to the basic disciplines of an operating statement and balance-sheet.

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The corporation will be responsible to its shareholders, the people of Canada. I think the directors of the company may, from time to time, judge that short-term profit-maximization is not in the interests of these shareholders, all of whom stand to be affected directly or indirectly by the corporation's actions. That criterion may properly be modified in the interests of long-term future energy supply for Canada, and in terms of job opportunities or the development of particular parts of Canada.

The company will be able to mobilize capital on an important scale, even by the standards of those large private enterprises which characterize the energy business in Canada. The initial capitalization of \$500 million can be supplemented by debt-raising to \$1 billion. I should expect that the Federal Government would stand behind the company when it seeks to raise debt capital. The capital resources which the company will thereby be able to command are substantial and will enable it to play a significant role in our total petroleum investment picture at a relatively early stage in its life.

The Government expects that the most important function of this enterprise will lie in the area of oil-and-gas exploration and development, particularly in our frontier areas. Private investment, both Canadian and foreign-controlled, will continue to play an important role in this area. However, we are looking to the company to increase the Canadian presence in a sector which is of critical importance to assuring future energy supplies. Where possible, the company would seek to operate jointly with both Canadian and foreign firms in development activity.

As the House knows, the Federal Government holds a 45 percent interest in Panarctic Oils Ltd. For the past eight years this company has carried out an extensive exploration program in the Arctic islands. The national petroleum company would co-ordinate Government interests and objectives in relation to Panarctic's future activities.

There may be areas of exploration which are not undertaken by the private sector, either because commercial returns are not easily defined by the corporations involved or because they are deemed to be too far distant. There may also be areas of exploration which are not pursued by the private sector because of the financial burdens involved. These are cases where the company would carry out exploration activities of its own.

This public enterprise will not be restricted to exploration for conventional hydrocarbons. Considerable technological advances remain to be achieved in the field of synthetic-oil and gas produc-

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tion. Syncrude is a case in point. This important undertaking, which may become the first investment of our new petroleum company, is a large-scale step towards the commercial development of the oil-sands.

The road ahead is a long and difficult one. The mining technology, which is more developed than the unproved *in situ* technique, can sustain access to more than 20 billion barrels of much-needed reserves. The investment requirements are, however, very large -- and probably beyond the capability of any single corporation, or even group of companies, operating in our country. Also, the largest private entities which may be potential participants in oil-sands projects are necessarily the foreign-controlled internationals. The best way to secure a Canadian presence at a rate of development consistent with our national interest, a proper share of the income generated by such activity and full access to new technology is by a direct Government involvement in key ventures through a corporation which can develop the necessary expertise. Our national petroleum company would then be in a position to act as a catalyst for succeeding projects, assisting in their planning and financing as well as participating ultimately in their revenues.

About four-fifths of the immense resources of the oil-sands can only be unlocked by successful development of *in situ* technology. It is clearly a matter of prime national interest to foster research in this area. Our national petroleum company should be the vehicle through which this federal participation in research is supported and monitored. It would thereby secure for the country the technology and access to patents needed for *in situ* commercial exploitation of the oil-sands.

Exploration, development and associated research are but the first important steps toward commercial development of our frontier oil resources. To bring them to market will involve the construction and operation of transportation systems of unprecedented size, complexity and cost. To bring these facilities "on-stream" threatens to strain the financial resources of private industry and capital markets. An alternative to even heavier reliance on foreign investment to finance these projects would be participation in them by a national petroleum company. This would seem a natural extension to its efforts, by assuring that the energy resources it helped to find and develop are brought to the Canadian consumer without undue delay and at least cost.

However successful our domestic resource-development is, over the next few years we are likely to remain dependent on foreign sources

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for petroleum supply to Eastern Canada. The Government has acted to reduce this dependence by promoting the construction of pipeline facilities to bring Western Canadian oil to Montreal. It is also taking steps domestically, and in conjunction with other countries, to minimize the risks and consequences of overseas supply dislocation. And it has, of course, cushioned the Eastern Canadian consumer from the effects of recent overseas-oil price increases. The basic element of supply for Eastern Canada -- namely, the importation of foreign crude oil for refining here -- nevertheless remains in the hands of private companies.

It is a striking fact that every one of the dozen countries from which we import significant quantities of crude oil has its own state oil company and is progressively increasing the role of that company in relation to international transactions. If circumstances continue to develop in this direction, it could be that it will be more advantageous for us to import some of our crude oil through a public enterprise rather than entirely by means of private companies. The national corporation will be ready to take part in petroleum-importing activities if it is clearly in the national interest for it to do so. The obvious interest to be served is that of importing at lower cost than the private companies are able to.

It is conceivable, as well, that a national company might be able to enter into arrangements with a foreign state petroleum company which would offer greater assurance of supply continuity than could be provided by arrangements effected by private importers. In a general way, the corporation might well be a most effective vehicle for the implementation of constructive political and trade relations with the oil-exporting countries.

I should like now to turn to the matter of the domestic ownership of Canadian energy resources. Phase I of the energy-policy studies revealed that the extent of foreign ownership or control of the petroleum industry is in excess of 90 per cent. One way in which Canadians can assert their presence in this heavily-dominated sector of our economy is by having a nationally-owned company which could bring together smaller Canadian companies into a larger, more competitive entity through joint ventures and the forming of various consortia. I should emphasize here that the development of the North will require capital of a magnitude not normally available to most Canadian-owned companies. The national corporation can play a decisive role in the formation of joint ventures in an attempt to alleviate this problem. Such partnerships may offer viable alternatives to the small Canadian operators who, in the past, have had to sell out to the internationals when they ran short of risk capital.

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This leads me to a most important aspect of the operation of the company, that of staff and manpower training. People are a company's most important resource and the Canadian petroleum industry has developed over the years a highly competent group of professionals who have become experts in all phases of industry operations, including its management. The majority of these are employed by foreign-owned companies. The corporation will offer opportunities which are commensurate in challenge and scope and, as its role may ultimately be just as diverse as those of some large international companies, it will provide a good training-ground for Canadians wishing to link their careers with the oil industry in the service of Canada.

Many of the activities of the company will take place in frontier areas inhabited by our native peoples, and I look to the company to play an important role in training Canadians of Inuit [Eskimo] and Indian origin. It could in this way make an effective contribution to the social as well as the economic development of the North.

This bill before us provides powers for the company to engage in "downstream" activities of the petroleum industry such as oil-refining and -marketing. While the Government intends thereby to keep our options open and enable us to respond to future needs and opportunities, it is our present view that this sector of the industry is well provided for by private companies. Moreover, the costs of entering this phase of the business are extremely high and might not immediately be justified in relation to the more pressing need for development of the basic resources.

The House is aware that the economic growth and social progress of our country have taken place in an economic framework characterized by both public and private enterprise. Examples of successful public entrepreneurship in the fields of civil aviation, electric-power generation (particularly in development of the CANDU nuclear reactor, the country's most successful energy project), railway transportation and petrochemicals, are too numerous to mention here. Until recently, our fuel industries have been characterized by almost complete private ownership. I want it to be clearly understood that the national petroleum company which we propose will not replace private industry or private entrepreneurship. We look to the private sector to continue to find, develop, transport and deliver the bulk of our fuel-energy needs. The national petroleum company is intended to supplement and stimulate the efforts of the private sector in a co-operative atmosphere, to the benefit of all Canadians.

Whether under public or private direction, a significant part of the Canadian economic activity is located in energy-producing acti-

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vities. The largest part of this production is vital to other Canadian industrial activities and to the support of the Canadian "life-style". The climate of Canada and the standard of living to which we aspire combine to make this sector of the economy one of the most important. The Government has always recognized the special status of this industry. The creation of the national corporation will add to the instruments available to the Government of Canada to advance Canadian interest in secure and adequate energy supplies and in the sharing of the wealth which Canadian resource endowments make possible.

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# Statements and Speeches

No. 75/21

## GLOBAL POPULATION PROBLEMS

A Statement by the Honourable Jeanne Sauv , Minister of the Environment, to the World Population Conference, Bucharest, [August 20, 1974].

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We are meeting at a time when we are increasingly conscious that mankind is having only limited success in managing the global forces that influence its very survival. The continued existence of the human species has always depended on its ability to adapt to changing circumstances. Indeed, in this interdependent world the price of not adapting is becoming increasingly dear.

The global problems of food shortage and drought, inflation and disarray in the international monetary system, widespread poverty and intensified pressures on a finite environment seem to have out-paced man's capacity to find solutions. We are here in Bucharest as part of a larger effort to confront these issues. This effort has included the International Conference on the Human Environment in Stockholm, and the special session of the General Assembly last April. It includes the Law of the Sea Conference in Caracas and the forthcoming Conference on Food and Human Settlements.

Just as the population question cannot and must not be seen in isolation from related questions of development, food and resources, so this World Population Conference must assume the character of the broadest kind of political conference, one that complements parallel efforts in other fields, and whose main concern is improvement of the welfare of mankind.

Our subject is people - not simply their global numbers but, more important, the quality of their lives. The fact that this conference is being held confirms the deep concern of the international community with these dimensions of mankind's problems and with the fact that they have not previously been dealt with at the international political level. A political conference on population was unthinkable ten years ago. Yet hard realities on population trends and prospects have now made political action an imperative.

## Population trends

The most striking aspect of these trends is that world population,

already in excess of 3.9 billion and growing at a rate of nearly 2 per cent a year, will reach at least 6.5 billion by the year 2,000. In addition, we face the prospect of large increases in the concentration of people in huge urban centres. Yet the more fundamental problem is that population growth is greatest in those areas least able to sustain it and at the same time to achieve and maintain an acceptable standard of living for all. There is no question that efforts must be intensified to improve living standards in these areas. And it is inevitable that such improvements will lead to higher global rates of consumption. Therefore all of us must consider the double impact of population growth and increased consumption in two ways - *first* in relation to the finite natural resources of the planet and *second* in relation to existing distribution patterns both within and among nations.

#### Canadian interests

Canada shares the concern about these sobering trends and prospects. Our approach is coloured by our own experience. Although we are a relatively young nation, we have experienced our own demographic evolution. Rapid population growth was once an important factor in opening our frontiers and making Canada a viable political entity. Rural and frontier life fostered pro-natalist attitudes. Subsequent development of a modern economy was accompanied by a rapid decline in natural population increase, and today an important part of our population-growth is accounted for by immigration. This is another major aspect of our population picture. Canada has been largely settled from outside, a process which has resulted in a diversity of ethnic backgrounds, and a variety of interests and goals.

Viewed from outside, Canada may present a picture of infinite possibilities, of open spaces and rich natural resources. Yet these attributes must be seen in the context of a number of factors. Politically, Canada has a federal constitution that divides responsibility for many economic and social policy questions between federal and provincial governments. Geographically, economic and population growth has been influenced by harsh climatic factors. Less than 17 per cent of Canada's land-space is arable, and the proportion devoted to agriculture is diminishing under the pressures of urbanization. Patterns of settlement have resulted in concentration of our population in a thin strip of land in the southern reaches of the country. Today some 90 per cent of Canada's population inhabits 7 per cent of the land. As a result, in the urban areas we are searching for measures to ameliorate the consequences of urban concentration.

The importance of these factors is reflected in a number of studies in which the Canadian Government is at present engaged. Influences on movements of population within Canada, particularly to major urban areas, are being examined. We are endeavouring to understand better the consequences of urban concentration and are searching for ways to improve the quality of urban life. An attempt is being made to balance conflicting demands for rural and urban land-uses. And we are assessing the characteristics and consequences of immigration. Canada also realizes the basic importance of rational policies at national levels as building-blocks to any global response to population trends. Our experience has made us aware of the diversity of population problems to be faced. We realize there are no simple answers and that these problems are closely related to broader economic and social forces.

Canada's preparations for this conference reflect the growing appreciation by Canadians of the complexity of population issues. Our perspectives are also based on a number of preparatory activities. These include public seminars and discussions in our universities and in other public forums. They include a series of public consultations initiated by the Federal Government that stimulated a wide range of thoughtful and concerned opinions. These are complemented by consultations between federal and provincial authorities that established new levels of awareness of the need for a comprehensive approach to population issues in Canada.

Today we approach this meeting acutely mindful that, in a brief two-week period, this conference must deal with some very fundamental questions about relations between population and development, natural resources, the environment and the family. It is our hope that this exercise will lead to improved understanding of these questions and ultimately to the identification of effective national policies.

#### Canadian position

Canada considers that certain aspects of the issues on the agenda before us are of primary importance. We consider population factors to be closely related to other aspects of the development process, and we recognize that measures both to influence and contend with population trends include structural and institutional change.

Our program of international development assistance in the population field has been channelled almost exclusively through multilateral agencies. While we have not been active bilaterally, we are now

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prepared to discuss with interested parties the possibility of increased activity in this area.

Canada recognizes that there are limits - to the rate at which the earth's resources can be exploited, to the capacity of the biosphere to absorb pollution, and to global capacity to support human life. We recognize the need for a greater sense of responsibility to conserve our global resources. We consider, therefore, that countries, particularly developed countries, should examine their production and consumption activities with a view to promoting more efficient patterns of utilization. Furthermore, we consider that genuine co-operation is needed to attempt to remove the institutional political and socio-economic barriers to the better development of each country's human and natural resources.

Canada also recognizes the importance of the promotion of individual human rights in the formulation of population policies, and particularly the preservation of individual freedom of choice in fertility matters. We consider that special emphasis should be placed on efforts to enhance the status of women, both as a desirable end in itself and also as a prominent factor related to population trends and development.

These and many other factors have been well reflected in the Draft World Population Plan of Action to be adopted by this conference. My Government has reviewed this document carefully and, on the whole, considers it a well-reasoned, balanced expression of the diverse facets of population problems and alternatives to deal with them. We shall work for the adoption of this document as a vehicle for enhanced national and international action on population matters. We consider that international institutions, particularly those of the UN system, can play a more effective role in assisting developing countries to deal with population, and we are prepared to assume our share of the responsibility for meeting increased future needs.

## Conclusion

The agenda we have before us presents a challenge both to sovereign governments to define national population policies and to the international community to co-operate more effectively in dealing with the global forces that are shaping man's destiny. We know that population is a crucial factor in our planet's future. And we are beginning to perceive more clearly both the dimensions and the means each sovereign state can use to shape that future.

Canada is here to listen and to learn. We hope debate at this con-

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ference will sharpen our understanding of the options open to us, and that it will help us in shaping our own policies the form of which is not yet fully defined.

A crucial factor in the success of this conference will lie in follow-up activities. It is not enough that we describe our population trends and prospects. We must sharpen our tools to estimate their consequences in a world of growing scarcities. And we must work towards more effective institutions and arrangements to meet basic human needs. The consequences of our failure to do so are becoming increasingly severe in an interdependent planet where the balance between growing human needs and the means of meeting them becomes a more distant goal every day.





# Statements and Speeches

Coverage  
Publications

No. 75/22

## CANADA'S OBLIGATIONS AS A NUCLEAR POWER

Remarks by Prime Minister Pierre Elliott Trudeau to the Canadian Nuclear Association, Ottawa, June 17, 1975.

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The accomplishments of this country in coming to grips over the years with distance and space and climate are great by any standard. The achievements of Canadian science and technology in the fields of transportation and communication and energy are unquestionably great. In many of these areas every other country in the world looks to us as the setter of standards, as the leader.

In largest measure, these accomplishments are the product of a partnership between government and private enterprise of a type unknown in many other countries. I'm proud of the system and exceedingly proud of some of the results. We have long since frankly acknowledged in Canada that our country is so large, our challenges so many, and our population so small that we have no option but to pool our resources, first for survival in a hostile climate, then for the attainment of difficult goals.

It's not easy -- this co-operative approach. Not easy from the point of view of industry, not easy from the point of view of government. It would be much easier -- and there would be less need for such an approach -- were Canada in possession of a domestic market several times larger, and an industrial base of sufficient size to service that market. It would be much easier, too, if the world were less interdependent, if governments in so many other countries felt less need to involve themselves so prominently in trade, investment, economic and other areas once regarded as the territory of the private sector. It would be much easier if we lived in a world where science had not yet removed so many of the great mysteries that once defined and limited the power of men. It would be easier if, there would be less need if -- but "ifs" are not available to us. History, it has been said, is not written in the subjunctive.

Which is to say that we must live with reality. It is reality that tells us that seldom elsewhere is there such a confluence of events and interests and issues as in the nuclear field. Here, we find ourselves in possession at the same moment of technology of the most revolutionary and serviceable kind, technology that has proved to all the world Canada's competence and leadership. Here, too, we are

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engaged in a mineral industry of immense economic benefit, yet of staggering production costs and problems. And here we face dangers of the most awesome sort, exceeding in risk and potential destruction any knowledge ever possessed by human beings.

With stakes so valuable and knowledge so changing, with consequences so sweeping and issues so baffling in their moral and ethical application, there should be little wonder that answers are not always available, or not always acceptable when they are available.

Nuclear activity is one of the many in which man is now engaged that, if not made susceptible to reason and discipline, could become ultra-hazardous, even cataclysmic. All our joint wisdom and all our dedication will be required in order to ensure that mankind enjoys the benefits of this activity without suffering from its perils. Canadian Government nuclear policies have attempted to steer this course. Your understanding and support have been as welcome as they have been crucial, for we are traversing unmapped terrain where a wrong turn could engulf us in holocaust. We have no alternative but caution because our tolerance for error and our ability to reverse miscalculation are minimal.

We have three obligations as a nuclear power. Those obligations form the basis of Canada's nuclear policy. I'd like to talk about them.

The first of these obligations finds its origins in the character of Canadians, and in those circumstances of wilderness and weather that contributed to that character. We are a society that has not forgotten its frontier origins. We are a people who have experienced the torment of need, who understand the benefits of sharing. It is inconsistent with that experience and that understanding that we should now deny to the less-developed countries of the world the opportunity to gain a hand-hold on the technological age. It is inconsistent with the character of Canadians that we should expect those hundreds of millions of persons living in destitute circumstances in so many parts of the world to wait patiently for improvement while their countries proceed painfully through the industrial revolution.

They should not be asked to re-invent the wheel. There is no reason why such great machinery innovations of the eighteenth and nineteenth centuries as the steam-engine, the spinning-jenny or the Bessemer furnace need be introduced into the experience of a country before its people are permitted the advantages of twentieth-century scientific wonders. Surely, if we are ever to eliminate the immense disparities that now separate the living standards of rich and poor,

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it will be necessary to make available to the disadvantaged every technique at our disposal.

It would be unconscionable under any circumstances to deny to the developing countries the most modern of technologies as assistance in their quest for higher living standards. But, in a world increasingly concerned about depleting reserves of fossil fuels, about food shortages, and about the need to reduce illness, it would be irresponsible as well to withhold the advantages of the nuclear age -- of power reactors, agricultural isotopes, cobalt beam-therapy units.

All these devices Canada has. All these devices the world needs. If we are serious in our protestation of interest and our desire to help, if we are honest when we say that we care and intend to share with those less well-off than ourselves, if we are concerned about the instability of a world in which a fraction of the population enjoys the bulk of the wealth -- in any of these events we cannot object to the transfer of advanced technology. Technological transfer is one of the few, and one of the most effective, means available to us of helping others to contribute to their own development. It forms one component of the program for action for a new international economic order adopted by the United Nations and endorsed so enthusiastically by the vast majority of the countries of the world. It remains as a cornerstone of Canada's economic-assistance policy and the programs under that policy that we operate in the UN, in the Commonwealth, in L'Agence francophone, in the Colombo Plan, and elsewhere.

Canadian Governments since the Second World War have been committed, without exception, to assisting the less-advantaged. That commitment cannot be discharged by help of poor quality or low value. Nor would Canadians permit that. Unless the disadvantaged countries are given the opportunity to pass out from the medieval economic state in which many of them find themselves and into the twentieth century of accomplishment and productivity, the gap between rich and poor will never narrow. In that process, we must help them to leapfrog the industrial revolution. Nuclear technology is one of the most certain means of doing so. In instances, therefore, where electric power from nuclear sources is cost-effective, where the advantages of nuclear science are of demonstrable benefit, we should be prepared to share our knowledge and our good fortune. That is why Canada chose, 20 years ago, to assist the world's most populous democracy in overcoming its desperate problems of poverty. We can be proud, as Canadians, of our co-operation with India. The decision taken by Prime Minister St. Laurent to enter a nuclear-assistance program with India was a far-sighted and generous act of statesmanship. It goes without saying, of course, that our nuclear transfers

should be subject to safeguards always; and that is my next point.

The second of the three obligations underlying the Government's nuclear policy arises out of the dangerous nature of the improper uses to which nuclear materials can be put either by accident or design. For that reason the Canadian Government is obligated to Canadians and to all persons everywhere to assure that nuclear devices, materials or technology from Canadian sources not be used for explosive or illegal purposes. This is done through the application of safeguards.

Familiarity with nuclear processes and confidence in their peaceful benefits must never blind us to the destructive capability of a nuclear explosive device or the politically-destabilizing effect that can be caused in certain circumstances by the mere existence of such a device. For these reasons, this second obligation must be regarded as no less important than the first. For, no matter how sincere is our commitment to equality throughout the world, no matter how successful is our progress towards it, our achievements will be Pyrrhic should nations be unable to avoid the inhumanity of nuclear-weapons usages or threats.

It is an enigma that surely no sane observer could untangle -- this nuclear threat to the very continuance of the human race that has become so commonplace as to be boring, that is often regarded in some perverse fashion as a symbol of national accomplishment and wellbeing or as a manifestation of sovereignty.

No nation should be envious of another because it possesses the ability to kill hundreds of thousands of human beings in a single explosion. No nation should treasure its power to trigger a nuclear war. And no nation should misinterpret Canada's opposition to proliferation as envy of foreign accomplishments.

Canada is not envious of any country that is able to achieve new scientific plateaux for the benefit of its people nor, to my knowledge, is any other industrialized state. If a newly-independent nation is able to leap in a single generation from the stage of steam to the age of the atom, Canada applauds. If that leap was accomplished through Canadian assistance, we are proud. But the vault must be genuine, and the new plateau must be firm. Nuclear projects have proved their benefit to man in dozens of ways -- ways well known to most of you -- but no one has yet demonstrated convincingly that there are practical, economic, peaceful benefits of nuclear explosions. Not Americans, not Russians, not Indians. If at some time in the future such benefits be demonstrated, then they should be made available on an internationally-accepted basis, under appro-

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priate safeguards, and through a UN agency, to all countries declared by international experts able to benefit, Canada is opposed to any peaceful nuclear explosions not conducted in accordance with the provisions of the NPT. In doing so, we are not imputing motives; we are attempting to avoid the subjunctive.

These are the reasons why Canada signed the Non-Proliferation Treaty, why we voiced such criticism of the Indian test, why I seize every opportunity to garner the support of world leaders for a tightening and an extension of safeguards and controls. These are the reasons why we shall continue to do so.

Each one of us shares a common desire -- to turn over to our children a world safer than the one we inhabit, a world not subject to nuclear blackmail or coercion, a world not frightened by insidious terrorist acts and not threatened by imbalances in the equilibrium of nature. Nor is this the only desire we share. There is, I know, still another -- that in years to come we shall be able to face our children and assure them that we did not lack the courage to face these difficult questions, did not lack the stamina to pursue the correct solutions.

In the past several months, I have argued the importance of a strengthened safeguards regime with some 40 heads of government -- around a conference table, as at the Commonwealth meeting in Jamaica, and across a desk, as with each of the nine leaders I have visited in Europe and the several that have come to Ottawa. The Secretary of State for External Affairs addressed the Non-Proliferation Treaty Review Conference in Geneva last month -- and was the only foreign minister to do so. Senior government officials have travelled tens of thousands of miles in an effort to tighten existing safeguards and to broaden both the scope of their impact and the breadth of their application by supplier countries. We have raised the standard of our safeguards -- with full support for the International Atomic Energy Agency, which administers them -- to the point that they are the toughest in the world (and we are constantly on the alert for ways to make them more practical, more effective). We impose, as well, still another constraint -- we refuse to engage in nuclear co-operation without an explicit exclusion of explosive uses.

I do not pretend that the present international regime for the inspection and detection of nuclear cheating is foolproof. I am painfully aware that the NPT is yet far from universally supported. I am deeply conscious of the responsibilities that devolve on Canada as a world leader in the peaceful application of nuclear energy. But to those who contend that there is an incompatibility between these two obligations I have mentioned - assisting the less-developed countries and preventing nuclear proliferation --, I remind them that

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the statute of the International Atomic Energy Agency, the world's nuclear policeman, charges the Agency to spread "throughout the world" peaceful applications of the atom "bearing in mind the special needs of the under-developed areas". Canada is an active member of the IAEA and does its utmost to ensure the successful attainment of those two objectives.

These, then, are the first two of the obligations that form the foundation of Canada's nuclear policy -- an obligation to the have-not countries of the world and an obligation to the people of the world. The third obligation is to our own people. This obligation takes several forms: the provision of safe sources of energy, the preservation of the environment, the fostering of a competitive Canadian industry in all its stages -- of exploration, mining, processing, fabrication, design and sales.

Tonight, I'd like to emphasize for a moment one aspect of that obligation -- to Canadian industry -- and the several ways in which it is discharged. One method is through the repeated declaration of the Canadian Government of its conviction of the fundamental worth and demonstrated superiority of the CANDU reactor over any other design. Another is the decision of the Federal Government to assist financially in constructing first CANDU units within each provinces. Still another is the wide range of research, developmental and marketing programs funded and pursued by Atomic Energy of Canada Limited and supported abroad by all the facilities of the Department of Industry, Trade and Commerce and the Department of External Affairs.

The success of the CANDU conception is attracting increasing attention world-wide because of its safety record, its respect for the environment, its reliability, its efficient fuel utilization, and its economy of operation. The remarkable performance of the Pickering installation will lead, I have little doubt, to the adoption of this Canadian-developed technology in a large number of countries abroad.

The Government is no less interested in safe, tamper-proof facilities than it is in assurance that reactors cannot purposely be diverted to non-peaceful ends. We must protect ourselves against accident and criminal elements. A contribution of significant proportion has recently been made by Canadian industry in the design of a spent-fuel snipping-cask incorporating novel shielding and physical properties.

As nuclear-generated power-plants have increased in number world-wide, partly in response to higher fossil-fuel costs, partly out of concern for continuing security of oil and gas supply, the demand for uranium has undergone a startling change. After a depression

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in world uranium prices lasting almost 15 years, there has suddenly occurred a dramatic shift from a buyer's to a seller's market. During the 1960s, exploration programs necessary for the location of new mineral formations had slowed down and, in many instances, ceased altogether. Throughout this period, federal funds ensured the preservation in Canada of a nucleus of the uranium-production industry. As demand-pressure grew in the 1970s, however, it became apparent that further help was needed to ensure adequate exploration. Federal response was twofold. Funds were provided a year ago to the Crown corporation Eldorado Nuclear Limited to permit it to re-enter the uranium-exploration field. More recently, the Federal Government initiated a uranium-reconnaissance program to permit a systematic general exploration of Canada in order to point up promising areas for detailed exploratory studies. The Government expects that the change in world price and the federal stimulus to exploration will serve to attract from Canadian sources fresh equity investment in the Canadian uranium industry, a growth industry with special incentives and benefits for Canadian investors.

We have in Canada all the elements required to continue into the twenty-first century this country's prominent position as a world leader in the nuclear industry. In Canada uranium is in relative abundance. In Canada are the technical skills necessary to maintain our lead in the design, construction and supply of efficient nuclear reactors and heavy-water production plants.

Several years ago I asked Canadians to pay less attention to the siren song of buying back investment now held in foreign hands. I argued then, and shall continue to do so, that buying back the past was not the answer -- that we should, instead, ensure that industries of the future were developed by Canadians in the Canadian interest. The nuclear industry was foremost in my mind as a future industry, and as one that will require immense amounts of capital.

I am proud of the accomplishments of Canadians in nuclear activities. The names of Canadian pioneers in this field are known and respected world-wide -- men of the stature of MacKenzie, Steacie, Keys, Thode, Lewis and Gray. I am confident that the imagination and discipline displayed by them are found today in large measure throughout Canada. With men of that stature, with a vital nuclear element in the private sector, with a continued degree of co-operation between government and industry, I have not the slightest doubt that we shall be able to discharge with success that third obligation I have just discussed with you. In doing so, we shall be performing a service not just for Canadians but for all mankind, for we shall be contributing to the safety and reliability of devices that have proved again and again the immense benefits that they confer in such diverse fields

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as medicine, agriculture and industry. There will be unquestionably a broader acceptance of nuclear facilities, including power-generation, in a world confident that safeguards and protective routines are of undoubted adequacy.

Canada enjoys immense respect round the world. It is respected for its scientific and industrial achievements in the nuclear and other fields. It is respected for the competence and tenacity of those officials who represent us in our dealings with other governments. But above all it is respected because of the attitude Canadians display towards those less affluent than themselves. We have achieved in this country a high standard of human conduct -- an acceptance without question of the right of individuals to live in dignity, to enjoy freedom of thought and expression and movement, to husband that most priceless of all human attributes, hope for a future of fulfilment and satisfaction for ourselves and our children.

It is that ingredient of hope, and it is that sense of the future, that underlie Canadian nuclear policies and have led the Government to formulate the three obligations I have recited to you tonight:

By caring for others, by sharing what we possess and others need, we are fostering the spirit of hope and easing the quest for social and economic justice now so prevalent in so many countries.

By insisting on the most stringent of safeguards and precautions we are attempting to ensure that the nuclear genie will not escape from the constraints demanded of it and bring suffering to future generations.

By encouraging Canadians to engage in what they do best, by supporting initiative and competence in technologically-advanced fields, we are contributing confidence to a new Canada, one that I have described as being on the threshold of greatness.

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# Statements and Speeches

Government  
Publications

No. 75/23

## A MONUMENT MORE ENDURING THAN BRONZE...

A Testimonial Address by the Honourable Mitchell Sharp, President of the Privy Council and Acting Secretary of State for External Affairs, at the Unveiling of a Mural by Charles Gagnon in Memory of the Late Right Honourable Lester B. Pearson, Ottawa, June 11, 1975.

We have met in the hall of this building that bears his name -- friends, colleagues, associates -- to pay tribute to an outstanding diplomat, a brilliant Secretary of State for External Affairs, an accomplished party leader and a great Prime Minister of Canada.

The words of Lester B. Pearson inscribed in the mural we shall presently unveil bear testimony to his manifold deeds in these successive offices. During 40 years, Lester B. Pearson served without respite the people of Canada; and during these 40 years his mettle was tempered by the companionship of his wife, Maryon Pearson. "After all," he wrote shortly after his retirement in *Words and Occasions*, "if I had not married Maryon Moodie, I never would have occupied the positions which made authorship of this kind possible."

These positions, as I just recalled, were of increasing elevation; and the achievements of Lester B. Pearson grew in breadth and in depth with them. Perhaps his outstanding performance as Prime Minister of Canada has cast a historical shadow on his diplomatic career and his tenure as Secretary of State for External Affairs, even if the latter consumed fully three-quarters of his public life. In this building, on this occasion, I therefore felt that it would be appropriate to recall the long career of Mike Pearson, the diplomatist.

When I arrived in Ottawa in 1942, Mike Pearson was already a legend. I had very little to do with him personally, however, until I was instructed to join the Canadian delegation to an UNRRA conference in Atlantic City, in the late Forties. My particular chore was to prepare the first draft of Mr. Pearson's speech. My recollection is that some of that first draft did manage to survive...I forget if it was the tenth or the eleventh final redraft. Thus began my training in the painstaking art of international diplomacy!

After his elevation to the Ministry, I saw much more of Mike. I had the honour of accompanying him and Maryon to Moscow in 1955, at the beginning of the East-West thaw. That trip was memorable for many



reasons. I recall his speech at the Canadian Embassy in Moscow. Canada, he said, was a small country -- lots of geography, but not much history or many people; but it occupied a strategic position in the world, stretching between the Soviet Union and the United States and subject to pressure from both sides. Kaganovich was present and interjected: "As far as the Soviet Union is concerned, friendly pressure." To which Mike replied: "The strongest pressure I know is friendly pressure."

Allow me to quote a few more personal recollections from the testimonial address the Secretary of State for External Affairs, Mr. Allan MacEachen, had prepared for this occasion:

"My association with Mr. Pearson began when I entered Parliament in 1953. Cartoonists had already made the bow tie his trade-mark as Secretary of State for External Affairs; and I hope you will not take offence, Mr. Prime Minister, if I recall that he was the first 'flower man' to sit in Parliament. For he was also wont to relieve the staidness of his professional uniform by pinning a rose to his lapel. Mike Pearson was already, at that time, the most famous Government front-bencher after Prime Minister St. Laurent; and I was so far on the back bench that hardly a step separated me from the Commons lobby, which he crisscrossed with his characteristic bounce, back from the United Nations to report to Parliament one day, on his way to NATO or some other meeting the next.

"Yet he still had an ear for the speeches of back-benchers; and I admit that I was quite flattered when he commented on one of my first efforts and helped me jump seniority and join that year's Parliamentary delegation to the United Nations. Thus it was Mike Pearson himself who first led me up the diplomatic path.

"But I got to know Mr. Pearson much better after 1958, when he cast away for good his pinstripes -- holding on to his bow tie, mind you -- by assuming the leadership of the Liberal Party and of the Official Opposition. A temporary lapse of my own Parliamentary mandate had left me free to join Mr. Pearson's staff; during the long and difficult years which led to his Prime Ministership in 1963, I therefore witnessed how he adapted the skills developed on the diplomatic bench to a quite different calling -- but one no less political."

I certainly share Allan MacEachen's view that Mike Pearson's success as party leader and Prime Minister derived first and foremost from his uncanny ability to bring a team together and to keep it together, in spite of the long odds and the setbacks the Opposition faced in those years. I am quite sure that this ability was acquired in the corridors of international politics, where he had so dextrously



jostled along a much larger number of players, with interests and convictions much more difficult to reconcile than those then represented in the Official Opposition. Many other facets of the diplomatic trade served him well as a politician. He was a genius at strategy, trained to reconcile principle and expediency, to compromise without compromising. He had learned to recognize quickly tactical errors, to admit to them with a disarming candour and to strike a new course in the midst of manoeuvre. He had acquired extraordinary stamina -- as must all *habitués* of international conferences; so that, after the most harrowing experience, he would bounce back at the office the following morning, fit and fresh for the next battle. He had not become jaded by the apparent, but only apparent, stalemate of so many international negotiations; he believed in the power of ideas, he believed that an impasse could more often be overcome by seasoned imagination than by stubborn obfuscation.

But I am digressing. I make no apology for it, since it is almost impossible to distinguish Lester B. Pearson's accomplishments as Prime Minister from what we owe to him as diplomat and Secretary of State for External Affairs. I know better than most that the foreign policy of a government is a collective endeavour; yet, I can state without hesitation that Lester B. Pearson was the architect of Canada's multilateral diplomacy. His most brilliant insights have unquestionably been those that inserted in a single perspective the destinies of all men living on this planet, which embraced in a single movement the whole international community. How fitting that the mural we shall presently unveil should remind us that:

"Sooner and better than his contemporaries he had come to understand that the world, for all of its diversity was one...that no nation, even the most powerful, could escape a common creaturehood and a common peril."

This global vision was developed quite early in his career. It pervades, for example, the Armstrong Lectures delivered in 1942, in which he stated quite bluntly his conviction that "no country can any longer expect peace and security by basing its policy on isolation or the absence of formal international obligations". The same global vision inspired his leadership of the permanent Canadian delegation at the founding conference of the United Nations in 1945. It led him to leave the relative shelter of officialdom to assume the political leadership of our diplomacy. It fortified him during his tenure as President of the United Nations General Assembly in 1952, and no doubt inspired the leading role he played in the resolution of the 1956 Suez crisis, a role which earned him the Nobel Peace Prize.

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In retrospect, one cannot help but observe that there is some historical peculiarity in the evolution of Canada's foreign policy. During those years, shortly after the Dominion Government, as it was then called, had claimed its external powers from the Westminster Parliament, Canada literally erupted upon the international scene. What is peculiar, in my opinion, is that Canada was one of the rare countries to develop a world view more or less *in abstracto*, on the basis of principle rather than interest -- that is, before it had fully developed its bilateral diplomacy and, indeed, before it had identified precisely its national interests in international affairs. No doubt the historical context explains to a large extent this somewhat unusual development:

the triangular relations with London and Washington, which structured our external involvements prior to the Second World War;

the depth of our commitment to the second generation of international organizations, nascent after the end of hostilities;

the Cold War, which further emphasized our multilateral commitments;

the temporary paling on the world scene of Europe and Japan, both absorbed by the tasks of postwar reconstruction;

the struggle for independence then beginning in Asia and Africa, which had to come to pass before a non-colonial power like Canada could develop bilateral relations with these emergent societies.

But I am convinced that Canada's multilateral diplomacy would not have developed so swiftly and ranged so far if it had not been for the vision of Lester B. Pearson.

"La vraie générosité envers l'avenir consiste à tout donner au présent" -- my illustrious predecessor was fond of these words by Albert Camus, also reproduced in the mural. Because circumstance as well as conviction lead him to stress, during his diplomatic career, the more universal dimensions of our foreign policy, Lester B. Pearson has been accused of having neglected some of Canada's national interests. Such accusations are unfair, for it was not so much Canadian nationalism as all nationalisms he sought to restrain, for reasons the recent history of humanity ample justify.

If he erred in this respect, it must be recognized that his error

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was attributable to generosity and optimism. He may have underestimated, in the immediate postwar period, the resilience of national states and their reluctance to divest themselves of some of the attributes of sovereignty to strengthen the United Nations and its Specialized Agencies. But I am glad it was in that direction rather than in the opposite one that he erred, for the world would be unquestionably more secure and more prosperous today if his optimism had been justified.

Circumstances change. Succeeding Canadian Governments have found it necessary to redeploy the country's diplomatic resources and to place a new emphasis on the development of bilateral relations. But a careful reading of Lester B. Pearson's policy statements in the 1940s and 1950s will show that most of the bilateral initiatives launched in recent years by the Canadian Government are there, in germinal state: the gradual readjustment of our relationship with the United States in his controversial 1951 statement on Canada/United States relations (it seems that no Secretary of State for External Affairs can deal with this subject without being controversial); or in our attempts to strengthen Canada's links with Europe; in his warm endorsement of the movement toward European unity in 1956; or in our *rapprochement* with the Soviet Union and Asian powers, such as Japan and China. All these recent bilateral initiatives, in my view, will be the more beneficial to Canada because they have been undertaken within the multilateral diplomatic framework built by Lester B. Pearson.

I have chosen to emphasize today the elements of continuity between the foreign policy of the late Mike Pearson and that of the present Government because I am convinced, like the present Secretary of State for External Affairs, that in this post-Pearson era, characterized by great changes in the international environment, Canadian diplomacy must continue to be based on Pearsonian principles. I can propose no better motto to this Department than Lester B. Pearson's challenge to the international community at the San Francisco Conference:

"The struggle for victory over war is even harder than the struggle for victory in war. It will be a slow, tough process. There must be superb organization. There must be brilliant improvisation. At times caution; at other times, a willingness to run great risks for great objectives. At all times, a refusal to permit temporary reverses to shake our belief in ultimate victory. Above all, there must be no false optimism about the possibility of an early victory. There is no easy and upholstered way from the foxhole to the millenium."







# Statements and Speeches

No. 75/24



## THE LESSONS OF HELSINKI

A Speech by Prime Minister Pierre Elliott Trudeau at the Conference on Security and Co-operation in Europe, Helsinki, July 30, 1975.

...The road to Helsinki has been long. For those who for two years have been actively engaged in the negotiations, it has been an uphill one as well but, in the course of that long journey from Helsinki to Geneva and now back to Helsinki, a number of milestones have been passed:

First -- Having set aside the confrontation and unwillingness to negotiate that are all too common elsewhere, we have provided the world with an example of how a consensus can be reached.

Secondly -- We have accepted as inevitable the factor of change in international relations, but we have nevertheless recognized the danger represented by the instability accompanying it, and we have committed ourselves to doing everything possible to avoid hostility and resolve conflicts. We have, in consequence, reaffirmed the United Nations Charter prohibition against the use of force between nations. In this connection, although we have declared borders to be inviolable, it does not mean that they are immutable; we have specifically agreed that they may be changed by peaceful means.

Thirdly -- We have recognized that security and co-operation are not matters of concern only to governments. To usher in a new era in Europe we need contacts among individuals, exchanges of views and opinions. We must be able to reunite families (and on that point I should add that the efforts of Canada, the Soviet Union and certain Eastern European countries to that end are meeting with increasing success).

These few milestones only mark the beginning of a road with limitless perspectives. The challenge is ours, now, to continue as we have begun, to make this road a permanent route towards security and co-operation. If we succeed, we shall have fulfilled the universal wish for peace and stability. We shall have released energies that can be directed towards other objectives -- to the reduction of military forces and disarmament, for example, to the setting-up of equitable management systems (as in the case of the law of the sea), to the introduction of more effective mechanisms for the settling of disputes. Most important of all, we shall have created a more favourable climate for the battle against the huge disparities

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that now exist between the nations represented here and those of the Third World.

The efforts we have expended in reaching this agreement have been prodigious. At some moments in the course of negotiations the difficulties appeared so overwhelming and the progress so slow that we may have had reason to believe we carried on our shoulders the weight of the entire world. In a sense we did, for history has shown us that, all too often, strife and disagreement in Europe have spread rapidly to all other areas. Yet, in another sense, such a belief is arrogant. Europe is not the world. Nor are many of our concerns, vital though they may be, the concerns of others. Whatever stability this conference anticipates in Europe will be short-lived if we do not seize the opportunity now offered to us to create elsewhere the conditions necessary to permit standards of living to be raised, to permit the economies of tropical countries to be improved, to ensure that rural development is encouraged and food production is increased, to provide hope for a better future to the hundreds of millions of people outside Europe now existing at the subsistence level.

We have long recognized, and accepted, that Europe is an environment of interdependence. We are only now beginning to realize that the entire world is equally interdependent, incapable of being divided by continent or physical barrier. The security that we have sought in two years of negotiation must now be extended beyond this region. It can be extended, I am confident, because of the dynamic nature of our agreement and of our attitude. This document we are to sign represents our acceptance of the principle of change, of our awareness of the fluidity of the human condition. It is our personal testament to the maturity of the international community. It is, as well, our recognition of man's irrepressible desire to seek starrier heavens in his quest for spiritual fulfilment.

That quest for peace, justice and individual dignity will require of men and women, as it has since ancient times, stamina and firmness of purpose. Yet, in an age as tumultuous and potentially threatening as this, the quest demands of us especially that we be wise, that we avoid the glitter of false promise and the fragility of haphazard arrangements.

In the nuclear age, wisdom is often caution. Our responsibility as leaders is to express caution in the face of our generals and our scientists, who may make to us extended claims of the benefits of nuclear activity both peaceful and otherwise. Should those claims prove illusory, the responsibility will be ours. Unfortunately, few nations now enjoy the benefits of peaceful nuclear knowledge. Even

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more unfortunately, all too few nations are convinced of the irreversible holocaust that will surely follow the irresponsible spread and employment of nuclear weapons. One of our priorities in the immediate future must be to devise and implement techniques that will permit the broad application of nuclear benefits to all nations, while at the same time eliminating the likelihood of weapons proliferation. I implore the General Secretary of the Soviet Union and the President of the United States to continue to work with all urgency toward the conclusion of SALT II and then to commence at an early date SALT III. I invite those of us who maintain forces in Central Europe now to focus our attention on MBFR. I express Canada's continued devotion to it and to the work begun at the recent meeting of nuclear suppliers.

Canada has joined fully in this conference exercise, as it is committed to participate fully in the activities to follow. Though separated from Europe by the breadth of an ocean, Canadians are deeply conscious that the fortunes of this continent have moulded our fate through history and that events here will continue to influence us in the future. Certainly, any breakdown in European security would have the gravest consequences in Canada. For this reason, we have been dedicated participants in this conference from which we see emerging a new European spirit of confidence and co-operation.

It is clear that this gathering in this beautiful city is far from a finality. Though we have come far, we have a considerable distance still to travel. We have learnt that our nations share much in common with one another, but nothing more basic or more widespread than a desire for peace and liberty. We have understood, too, that truth is not singular; in a modern world it embraces a plurality of beliefs, ideals and systems. And we have found that our two paramount goals of security and co-operation are mutually reinforcing and are also related to the world beyond this continent.

These are the lessons of Helsinki, which I am confident will give us the wisdom to tackle with success the problems that still remain.







# Statements and Speeches

No. 75/25



PEACE-KEEPING AND CYPRUS: THE CANADIAN EXPERIENCE

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the United Nations Seminar at Mount Allison University, Sackville, New Brunswick, on July 4, 1975.

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...As the minister responsible for Canada's external relations, I am deeply interested in the fact that your subject for continuing study is the United Nations. You have -- if I may say so -- chosen well. This unique international institution is essential to our efforts at some kind of rational ordering of affairs among nation states. Whatever its faults, we cannot get along without it; there is no real alternative to this universal diplomatic forum. At the present time the United Nations is going through a period of particular strain; and, as always in a time of crisis, the clouds of critics around it grow more clamorous. In these circumstances, support for the UN is vital. It is a fundamental objective of Canadian foreign policy that the Government continue to provide such support. But, to be effective, this, in turn, must be backed up by an informed and sympathetic public. This seminar contributes in no small way to the creation of that kind of public.

I understand that during this past week one of the two main subjects you have discussed is Cyprus. From the standpoint of both the United Nations and Canada, this inevitably entails peace-keeping.

Last autumn, in speaking to the General Assembly of the United Nations, I singled out peace-keeping as a matter of particular concern to the international community. As I said at the time, "the nuclear threat to our security may be dramatic and awe-inspiring but we cannot neglect the more prosaic but lethal threat from the use of conventional force". For, after all, since the end of the Second World War, no one has lost his life as a result of the use of nuclear weapons but many thousands have been killed in conflicts involving the use of conventional weapons. The fact is that one of the few useful tools that the international community has developed to deal with the problem of conventional conflicts is peace-keeping. There is, alas, little prospect that we are rid of crises in the world giving rise to the use of conventional force and consequently we must strive to improve substantially the means by which these crises can be contained and ultimately resolved.

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The preservation of peace and the promotion of international security was one of the primary motives behind the founding of the United Nations in 1945. It was hoped that the UN, with the provision for collective-security arrangements in Chapter VII of the Charter, would be able to take action to deal with any threat to peace or act of aggression. However, within a few years of the founding of the United Nations, it became apparent that the Cold War and the consequent disputes among the great powers rendered the collective-security system of the UN ineffective. At the same time, it became apparent that there were crises which were not serious enough to warrant enforcement action under Chapter VII of the Charter but were sufficiently serious to require intervention by the UN with the consent of the parties to the disputes. It was out of this situation that the conception of peace-keeping began to take shape in the immediate postwar years -- the idea of internationally-sponsored and neutral bodies of men drawn primarily from the small and middle powers to separate disputants and to supervise cease-fires.

From the outset, Canada has played a major role in the development of peace-keeping. We recognize its importance in the preservation of international peace and security. Consequently, it is a continuing objective of Canadian foreign policy to help strengthen the authority of the UN in its capacity as a peacekeeping agency. Canadians have participated in almost all UN peacekeeping operations to date -- in Egypt, Israel, Syria, Lebanon, Cyprus, Korea, India, Pakistan, West New Guinea, the Congo, Yemen and Nigeria. Today, about 1,600 Canadians are serving in five UN peacekeeping operations, the most important of which are in the Middle East and Cyprus. As a result of this lengthy and intensive experience, Canada has become recognized as the peace-keeper *par excellence*, with an international reputation for objectivity and professional competence.

I said a moment ago that the peacekeeping operation on Cyprus is one of the two most important peacekeeping assignments being carried out at present under the UN. It is also one of the most protracted and, in some ways, the most difficult assignments. Let us take a closer look at the peacekeeping situation in Cyprus in order to determine what the particular difficulties are and what may be done to overcome them.

History has created on Cyprus two indigenous communities of wholly different social and religious characteristics -- a Greek Cypriot community of about 450,000 (that is, four-fifths of the total population) and a Turkish Cypriot community of almost 130,000 (that is, one-fifth of the total population). In spite of the geographical intermixture of these two communities and of the obvious need to co-exist on a small island, the Greek and Turkish Cypriots have

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never come to terms with each other, and intercommunal relations are characterized by a lack of co-operation and mutual distrust. The Greek Cypriot community, although it has never been under the rule of the Greek mainland, shares a common culture with the Greek people and many Greek Cypriots support the conception of *Enosis*, or union with Greece. The Turkish Cypriots, for their part, are descendants of colonists brought to the island after its conquest by the Ottoman Turks in 1571, and their primary concern as a religious and ethnic minority has been in securing and ensuring their rights.

The constitution, under which Cyprus achieved independence in 1960, attempted to provide these guarantees through a complicated system of checks and balances. The Turkish community was given a specific portion of posts in the ministries, the National Parliament, the police and the civil service; and both the Greek President and the Turkish Vice-President had right of veto over decisions concerning foreign affairs, defence and security. However, the constitution never worked. Its greatest defect was that it accentuated the separatism of the two communities at the very moment when close co-operation was needed. The Greeks were soon accusing the Turks of obstructing legislation and economic development by insisting upon their privileges, while the Turks accused the Greeks of violating their constitutional rights by governing in spite of them.

On November 30, 1963, Archbishop Makarios formally proposed some 13 constitutional amendments to Dr. Kutchuk, the Turkish Vice-President. These amendments would have had the effect of doing away with the presidential and vice-presidential vetoes, achieving greater unity in the House of Representatives, abolishing the separate Turkish municipalities and cutting down Turkish representation in the public service, the police and the armed forces.

Tensions quickly mounted and intercommunal violence broke out four days before Christmas. The Security Council met to consider the Cyprus issue on December 27, 1963, and in the meantime British troops stationed on the island sought to restore order. However, it was quite evident that this task could not be exercised by Britain alone for an indefinite period, and on March 4, 1964, the Security Council passed a resolution, the heart of which authorized the establishment of an international peacekeeping force and the appointment of a mediator.

Canada was asked to contribute to this force and, meeting in an emergency session on Friday, March 13, 1964, Parliament authorized a contingent of 1,150 officers and men. This country's decision to respond favourably to the request of the United Nations Secretary-General was based on the fact that the Canadian -- and the general --

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interest would be served by UN collective action to prevent inter-communal conflict while a political settlement was being sought.

The first Canadians landed in Nicosia on March 16, 1964, and other national contingents from Ireland, Sweden, Finland, Denmark, and Austria arrived during the following weeks to join the British, who were already on Cyprus. The force became operational on March 27, 1964. It was charged with the tasks of (1) preventing a recurrence of fighting, (2) contributing to the restoration and maintenance of order, and (3) contributing to the return to normal conditions.

During the next 11 years, the United Nations Force in Cyprus (UNFICYP) was largely successful in carrying out its principal objective of preventing a recurrence of fighting. Although the fundamental frictions and animosities remained, no major outbreaks of violence occurred. In fact, tensions on the island were reduced to such a degree during this period that it eventually proved possible to implement major changes in both the size and duties of the peacekeeping force. By 1974, the size of the force had been reduced to 2,800 men from an original strength of 6,200 military personnel. In addition, its role was altered. Although the main task of the force continued to be the prevention of violence, greater emphasis was placed on preventative action involving measures such as patrolling, persuasion and negotiation rather than the deployment of forces interposed between the two contesting parties.

But this restructuring of the force occurred also as a reaction to one of the fundamental difficulties in the peacekeeping and peace-making process.

Peace-keeping is designed to assist the parties to a dispute to draw back from conflict when they recognize that this is in their best interests, and to help create circumstances in which their differences can be settled by negotiation. Peace-keeping is a military task involving the placement of an international force between quarrelling parties. It is not an end in itself. It is intended to create the conditions for the process of peacemaking -- that is, the diplomatic search for a solution to the underlying causes of a conflict.

But in Cyprus there was a distinct lack of progress towards a political settlement. So successful was the UN force in peace-keeping that it came to be viewed as almost a permanent fixture on Cyprus, with the result that there was relatively little incentive for the two sides to make the difficult compromises that are necessary for a political settlement. The countries contributing troops to the UN force expressed concern about this lack of progress, and consequently its restructuring was undertaken in the hope that this would induce

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the parties to realize that they could not depend indefinitely on an outside force for their security.

Then, in July 1974, the situation in Cyprus changed dramatically. In response to an attempted *coup d'état* against the Makarios administration by the Greek-led Cypriot National Guard, Turkey landed forces on Cyprus and rapidly occupied about 40 per cent of the island.

This altered radically the position of the peacekeeping force. It had been created to police the cease-fire between the two communities, but now the major confrontation was between the Turkish armed forces and the Cypriot National Guard. To cope with this situation, the Canadian contingent, along with those of the other contributing countries, was increased at the request of the UN Secretary-General. With this increase in size, the force was able to respond successfully to this new challenge and to keep further fighting to a minimum. Nevertheless, the situation today continues to be volatile, and renewed violence could occur at any time.

The experience in peace-keeping in Cyprus merits close study, for it reveals the basic problems in UN peacekeeping and peacemaking procedures.

Peace-keeping cannot be made a substitute for peacemaking. If it is to serve a useful purpose, peace-keeping must be accompanied by a parallel effort on the political level, especially by the parties most directly concerned, to convert the temporary peace that a peace-keeping force is asked to maintain into something more durable. If this is not done, peace-keeping will only perpetuate an uneasy status quo, which, in due course, is likely to break down, as it did in Cyprus. There, despite the presence of the peacekeeping force, fighting on an unprecedented scale finally occurred because the fundamental political problem remained unresolved. In addition, if the contributors to peace-keeping are faced with indefinite prolongation of their hazardous task, governments and their peoples, feeling themselves caught in a seemingly fruitless endeavour, will be less willing to respond to future requests to take part in peacekeeping operations. Although Canadians continue to appreciate the importance of peace-keeping, they are less inclined today to accept without question the burden of participation. Eleven years is a long time and, although negotiations towards a settlement were recently renewed, the end is not yet in sight.

It may be that we should also alter our approach to peace-keeping and peacemaking. Canada has traditionally followed the policy that, to be effective in peace-keeping, it is essential to remain *persona grata* with the two sides to the dispute and consequently to avoid

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becoming involved in the peacemaking process. Perhaps our experience in Cyprus has shown that we should, as circumstances warrant, seek to take a more active part in peacemaking. We could, for example, seek more actively to find ways of moving negotiations in the right direction, and we could be more forceful in our reminders to those directly engaged in negotiations that our participation in peace-keeping has its limits.

Another problem in peace-keeping is the lack of adequate financial support from the international community. This has put an unfair burden on countries like Canada that are perennial contributors. More effective arrangements must be found in order to ensure a sound financial foundation and a broader sharing of the burden among members of the international community.

The majority of regular contributors to peacekeeping forces to date have come from a relatively small number of countries that may be roughly described as Western. There is a real need to broaden the base of participation and to involve a more representative cross-section of the UN membership. This would ease the burden for those who have been regular participants in peace-keeping. But, equally important, it would help to produce among UN members a greater understanding of and support for this important UN activity.

The peacekeeping operations in Cyprus and elsewhere have been mounted on a "crash-program" basis. But peace-keeping is likely to be continuing activity of the UN. This surely calls for advance planning, with a small administrative cadre at UN headquarters and a set of accepted principles on the organization of a force. Among other things, there should be a set of guidelines for the peacekeeping operation under the overall authority of the Security Council, with a system of responsibilities shared among the Council, the Secretary-General, the troop contributors, and the parties involved in the dispute in question.

The experience with the United Nations Emergency Force in the Middle East, the most recently established UN peacekeeping operation, provides a guide for the future. The contributors to the UNEF have been drawn from a broader group of countries than in the past. A general assessment of United Nations membership has provided a sounder financial basis for the operation. And there is an improved system for direction and control of the force.

But we must ensure that these innovations, which are contributing to effective peace-keeping in the Middle East at present, are translated into established principles for the future.

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Peace-keeping has proved to be an endless, expensive, and at times dangerous, job. At the beginning of the operation in Cyprus, a Canadian contingent of 1,150 officers and men was authorized. Today we have 518 military personnel in the force. Four Canadians have been killed on active duty. The force is in its eleventh year of existence, and we have just approved a further extension to our participation of six months from June 15. The total net cost to Canada over the ten-year period from March 1964 to December 1974 has been roughly \$25 million.

Undoubtedly the burden of peace-keeping is great and there are times when one would like to rid oneself of the onerous task. But the responsibility cannot be shirked. Instead we must work towards making the conception of peace-keeping more effective. It is, after all, one of the few useful tools available to the United Nations in the continuing effort to prevent the use of force in the settlement of international disputes.







# Statements and Speeches

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No. 75/26

## THE CHALLENGE OF CHANGE

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at the Seventh Special Session of the United Nations General Assembly, New York, September 3, 1975.

The sixth special session of this General Assembly posed a grave challenge to the international community. The proposals for a new international economic order involve a far-reaching transformation of the world's economic relations. Let there be no doubt that a challenge of this magnitude demands from all of us a considered and forthcoming reply.

Thirty years ago, against a background of war, misery and economic collapse, a remarkable group of internationally-minded and far-sighted statesmen also faced the challenge of creating a new economic -- and political -- order. We owe the United Nations to their creativity and daring. We also owe to them those economic institutions whose existence and operations have done so much to increase economic growth and human well-being, such as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade.

It is easy now to lose sight of the magnitude of these achievements. We have grown too familiar, perhaps, with the institutions these men created and, in recent years, we have become increasingly conscious of their shortcomings. But let us not forget that, with scant precedent to guide them, these remarkable statesmen created institutions and arrangements that provided a unique basis for international co-operation and economic growth. Now the challenge of the new international economic order is for us to apply a similarly innovative spirit to the changed circumstances of the present.

As I understand it, the new economic order is based upon two propositions:

- (1) that developing countries do not derive sufficient benefits from the existing system of international trade, investment and finance;
  - (2) that monetary instability, lagging economic growth, inflation and the impact of price increases of petroleum and other essential imports have demonstrated the shortcomings of the world economic system and the need for changes which will benefit
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developing countries.

Canada accepts the validity of these propositions and recognizes the need for changes in international economic relations to reduce disparities that we consider intolerable between rich and poor nations.

### International development assistance

One -- indeed the most established -- of the ways of closing this gap between rich and poor, between developed and developing, is development assistance. This conception is one that we owe to the first generation of postwar leaders. Novel in 1945, it has since become firmly established as an instrument of international co-operation through the creation of the International Development Association (IDA), UNDP, the regional development banks, and the extensive network of bilateral development-assistance programs.

But the proposals for a new economic order call for a fresh approach to development assistance. Its purpose, scope and character must be altered to fit the new circumstances of the Seventies.

Canada's response is contained in a new Strategy for International Development Co-operation for 1975-80, which was made public by the Canadian Government yesterday in Ottawa. Allow me to mention the main features of our new Strategy, which is designed to meet these new demands:

- (1) We pledge to continue and to increase our programs of development assistance. This year our disbursements will exceed \$900 million, and they will grow significantly in the years ahead.
- (2) We are determined to achieve for official development assistance the official UN target of .7 per cent of our GNP and to move toward it by annual increases in proportion to GNP.
- (3) We intend to place major emphasis on fostering economic growth and the evolution of social systems in such a way that they will produce the widest distribution of benefits among the population of developing countries.
- (4) We plan to concentrate the bulk of our bilateral assistance on the poorest countries and on the poorest sectors of their economies.
- (5) We plan to develop new forms of co-operation to meet the needs of middle-income developing countries in order to strengthen

their potential for more self-reliant development.

- (6) We pledge to maintain a degree of concessionality in our bilateral programs of not less than 90 per cent. The grant component of Canada's development assistance is at present 95 per cent.
- (7) We intend to untie bilateral development loans so that developing countries will be eligible to compete for contracts.
- (8) We reiterate our pledge made at the World Food Conference to provide a minimum of one million tons of grain a year as food aid for each of the current and the next two fiscal years.
- (9) We plan greater emphasis on programs of agricultural and rural development in developing countries.

But aid alone is not the answer. It must be supplemented by measures in the areas of trade, investment and finance from which developing countries can derive greater benefit. Development assistance tends to be concentrated on the poorest countries. Broader measures of international economic co-operation will bring greater benefit to those countries that have advanced further towards self-reliant growth. In this respect we must be ready to consider new ideas and new approaches.

#### Basic Canadian response

The Government has reached certain broad conclusions on its approach to co-operation with developing countries:

- (1) We agree that there must be adjustments in the international economic system that will lead to a more rapid reduction in the disparities between developed and developing countries.
- (2) We consider that the transfer of resources that these adjustments would entail can best be achieved in the context of a growing world economy.
- (3) We believe the reform of existing institutions, where possible, is preferable to the establishment of new ones.
- (4) We believe positive co-operation rather than confrontation is required to solve difficulties, particularly in the area of commodities and other raw materials, including energy resources.

The discussions and negotiations now under way will establish the

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framework of world trade and finance in the 1980s. There is much at stake for both developed and developing countries. I wish now to turn to three areas of particular concern to developing countries -- commodities, trade liberalization and industrial co-operation.

### Commodities

The area that has been accorded the greatest attention of late is commodities. This attention is undoubtedly justified. As both an importer and an exporter, Canada regards the instability of the international commodities market as a major weakness of the international trading system.

How can we best deal with the "boom or bust" phenomenon in commodity trade?

- (1) We believe commodity arrangements involving both producers and consumers constitute the most practical approach to the problem. Canada was an early supporter of commodity arrangements, including formal agreements on a commodity-by-commodity basis. We are one of the few countries that have adhered to all the major commodity agreements.
  - (2) We are prepared to examine positively the idea of negotiating arrangements for a wide range of products, including, but not limited to, those listed in UNCTAD's Integrated Approach.
  - (3) We recognize that the use of buffer stocks and alternative stock mechanisms may be an appropriate stabilizing technique for a number of commodities.
  - (4) The conception of a common fund for financing such stocks is certainly worth examination. We are prepared to consider this conception sympathetically, along with other potential donors, including both producers and consumers.
  - (5) We recognize that commodity prices cannot be determined without reference to market forces. At the same time, we are well aware that no one's interest is served by commodity prices that are so low as to discourage production.
  - (6) We believe new features in commodity agreements to take account of international inflation and exchange rate changes should be explored.
  - (7) We wish to pursue these issues in the context of UNCTAD's Integrated Approach.
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## Trade liberalization

On trade liberalization, we believe that improved access to markets can yield significant benefits to developing countries:

- (1) At present, 75 per cent of Canada's imports from developing countries enter duty free, and we have proposed in the trade negotiations the removal of all duties on tropical products by industrialized countries.
- (2) We are prepared to consider deeper tariff cuts and advance implementation on an MFN basis of other tariff cuts of particular interest to developing countries in the trade negotiations now taking place in Geneva.
- (3) We are also reviewing our generalized system of tariff preferences for developing countries in light of their suggestions for improvements.
- (4) We recognize the importance that developing countries attach to the further processing of their commodities prior to export. Indeed, we share with them a common interest in the removal of tariff escalation and non-tariff barriers that impede the establishment of efficient processing facilities in the resource-exporting countries. In our view, the "sector" approach is the most effective technique for achieving this goal in the multi-lateral trade negotiations.

## Industrial co-operation

The further industrialization of developing countries is an essential element in any concerted attack on the disparities between rich and poor. In shaping the world of the 1980s, we must aim to bring about faster and more balanced industrialized growth in the developing countries. We recognize that developed countries must contribute to this process.

Two of the elements essential to more rapid industrial growth -- investment and technology -- are primarily available from the private sector in industrialized countries; accordingly, we believe there is an urgent need to reconcile the legitimate interests of developing countries -- their need for capital, their right to sovereignty over their natural resources, their control over their own economic destinies -- with the role of the private sector in providing capital and technology.

Industrial co-operation on a bilateral basis may be an effective

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means of reconciling these interests. It might incorporate a variety of instruments, including investment, technical assistance, management training and counselling, and at the same time provide a legal framework within which the private sector can operate to the benefit of both participating partners.

We believe that a model industrial co-operation agreement might be drawn up internationally as a guide to governments and the private sector.

We favour the provision of information and expertise to developing countries on the means whereby host countries can identify and articulate their national priorities concerning transnational corporations.

We are prepared to put our own experience in the establishment of screening mechanisms, statistical methods, and techniques of taxation at the disposal of developing countries. We support international efforts to enable developing countries to assess their own interests more clearly and to negotiate effectively the terms of the entry of transnational corporations in a manner consistent with their national goals.

#### The Commonwealth expert group's report

We have stressed the need for concrete measures to assist developing countries in sharing more equitably in the world's wealth and resources. In the past four months we have been involved in productive discussion with our partners in the Commonwealth on practical measures that contribute to closing the gap between developed and developing countries.

The report entitled *Towards a New International Economic Order*, prepared by a Commonwealth group of experts on the instructions of the Commonwealth heads of government, I understand is being made available to members of this Assembly. Last week at the Commonwealth finance ministers' meeting in Georgetown, Commonwealth countries (and I quote from the communiqué) "gave general endorsement to the report and agreed that the early implementation of these proposals would constitute a first step towards achieving the progressive removal of the wide disparities of wealth now existing between different sections of mankind". The report does not represent the full answer to our problems. Certain of its recommendations present a challenge to existing Canadian policy. However, we consider this report a most valuable document because of its practical nature and the high degree of consensus that exists on its provisions, a consensus that extends to countries from all six continents. We believe

the report can provide an aid to the conduct of negotiations and to the national formulation of policy with the ultimate aim of closing the gap in living standards. I commend its practical approach and its emphasis on concrete measures to this Assembly.

Over the course of the past several months, as well as in the debate here, we have heard some important and imaginative proposals both from developed and developing countries. They all deserve careful study. The atmosphere, as I see it, is conducive to progress and change. We must seize this opportunity. During the next ten days, we must work through the *Ad Hoc* Committee and through informal consultations and negotiations, to achieve a result in this session which will launch us in the right direction for dealing with the challenges of the future.

## Conclusion

I have outlined in broad terms the position of the Government of Canada on the principal issues confronting this session. I wish to stress again the need for real and not imagined progress, for plans and negotiations, and not paper and rhetoric. We are determined to play a positive role, to invest our resources and our influence, in renewed efforts to bring about constructive change in the international economic system and thereby reduce the glaring disparities between rich and poor nations. It is our hope that this session will be a constructive step in that direction.

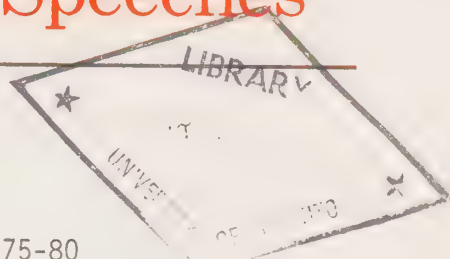






# Statements and Speeches

No. 75/27



## STRATEGY FOR INTERNATIONAL DEVELOPMENT -- 1975-80

A Statement to the Diplomatic Corps by the Honourable Allan J. MacEachen, Secretary of State for External Affairs and Minister Responsible for International Development, Ottawa, September 2, 1975.

...Allow me, first, to thank you for attending this unveiling of Canada's new strategy for international co-operation. As you know, it is somewhat unusual in Ottawa for the Government to invite the heads of diplomatic missions or their representatives to the Pearson Building to receive officially a policy document and to be briefed on it. We are far from secretive about our activities, especially in the field of international affairs; but we generally rely on more informal contacts to convey to you and to your authorities the substance of Canada's foreign policy as it unfolds, under the pressure of changing needs and expectations in this country and abroad. Similarly, we are usually able to deal with the very large number of bilateral issues that arise between Canada and each of your countries without resorting to the formal instruments of diplomacy.

During my first year in this portfolio, I have had the pleasure to meet, privately or socially, most of you; but only on rare occasions have I felt the need to call in an ambassador and, reciprocally, have your governments deemed it necessary to convey directly their views to the Secretary of State for External Affairs. The channels of communication are open, information is readily exchanged at all levels, differences are smoothed out, by and large, before they become contentious. These are the facts of diplomatic life in Ottawa; and these facts are a tribute to the effectiveness of your missions and of the various bureaus in the Department of External Affairs.

Therefore, if we have invited you here this afternoon, it is not only so that you may take cognizance, and apprise your governments as swiftly and thoroughly as possible, of the new strategy that CIDA and other government agencies will strive to implement in the next five years; it is rather to emphasize the importance, indeed the very high priority, that the Government of Canada attaches to its international development policy. It is for the same reason that we have chosen to make this policy document public on the opening day of the seventh special session of the United Nations General Assembly, convened precisely to deal with the nexus of development

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issues and problems that, in my view, will remain the major challenge faced by the international community during the last quarter of this century.

Diplomats have become somewhat immune to catchwords, slogans and slick phrases; I shall, accordingly, be restrained in qualifying the policy document you have before you.

I shall not call it a radically new departure, although it unquestionably inserts Canadian development assistance in a novel and wider perspective and contains a number of proposals whose potential implications for reducing the economic and social disparities between the peoples of the world could be quite radical, were they to be implemented with the active co-operation of other countries, both developed and developing. May I mention, for example, our intention to develop new forms of co-operation with developing countries now deriving substantial earnings from raw material exports and to engage in tripartite or multipartite development co-operation with countries at varying stages of development. But I could claim, with some justification I think, that a radical departure was not really needed, given Canada's historical record in the field of development assistance.

Similarly, I shall resist the temptation to call this document an agonizing reappraisal of Canada's international development policy, although I can assure you that the Cabinet, as well as CIDA and other departments involved, went through quite a bit of soul-searching -- and some agony -- as they progressed from one draft to another. It was not the easiest of policy reviews, being undertaken at a time when the world economy plunged into its worst recession in more than 30 years, suffered through the worst bout of inflation since the Twenties and struggled to overcome the trauma of quite unprecedented increases in energy costs. From one draft to the next, we had to beware of a new set of myopic -- and therefore excessively pessimistic -- predictions about the world's economic future. From one month to the next, we were bombarded with new facts -- yet another formulation of the rising expectations of developing countries, yet another twist in the response of industrialized countries. All this while, negotiators were attempting to establish a new international monetary framework and to launch the third postwar reform of the international trading system.

In the final analysis, we have felt that a cautious optimism was justified. We have banked on a resumption of growth, on more comprehensive and international co-operation, on increases in resource

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transfers from rich to poor countries, on gradual reforms of world economic institutions, deliberately introduced to bridge the gap and redress the balance between one group and the other. In matter of details, we expect some of our assumptions to be superseded by events. Consequently, in unveiling this international development strategy, we are not laying down the tablets of the law, come what may in the next five years. CIDA experts and other Government officials will continue to monitor the world situation, be it with respect to food production, terms of trade, industrialization, or foreign-exchange earnings and indebtedness. The Cabinet will stand ready to alter, even as early as 1976, the thrust of Canada's international development policy, if new circumstances warrant it.

For this policy document was not conceived in a vacuum. As you will know, it has been in the works for quite some time; its drafting has been enlightened by a wide-ranging debate on developing assistance; and a number of recent Canadian initiatives have been influenced by these strategic orientations even before these were made public. For example, coming after the pledges we made to the Rome Food Conference and Canada's growing involvement in renewed international efforts to dispel, once and for all, the threat of famine in the world, the emphasis we intend to place in the next five years on food production and rural development will not come as a surprise to you; but this should not detract from its significance.

I turn now to other features of the new strategy. In international development as in other fields, the attraction of novelty is such that the elements of continuity, in a policy review such as this, tend to be taken for granted. Yet what is retained of past policies is often at least as important as what is changed or added to these. Consequently, I thought it appropriate to point out that the Canadian Government remains committed to the United Nations target for official development assistance of 0.7 per cent of the gross national product and to reach this goal through gradual increases in annual appropriations. Secondly, the terms of Canadian assistance will retain in the future the very high degree of "concessionality" that has become, to a very real extent, the trade-mark of Canada in this field. At a time when some donors, faced with economic difficulties that Canadians also experience, are curbing their aid programs and shifting towards more commercially-attractive forms of assistance, these renewed commitments, I should think, are worthy of some notice. I also draw your attention to the continuing Canadian support that is pledged in the document for regional co-operation among developing countries, as well as research institutions and programs focusing on major development issues and programs. Similarly, we have decided not only to maintain but to increase the substantial food-aid component in our development-assistance effort and to bear the

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commercial costs that this decision entails at a time when most foodstuffs are in short supply; and we have allowed for a gradual increase in Canadian assistance through multilateral institutions -- in effect, the component in our program that is completely untied to Canadian procurements.

Before drawing attention to some of the specific innovations put forward in the document, I should like to emphasize the two pervasive themes that run through it and that, as they are put into practice in coming years, will really give a "new look" to Canada's international development policy; one is "multidimensionality", the other is flexibility.

In deciding to rely in the future on multiple instruments to accelerate international development, the Government is attempting, in effect, to end the "splendid isolation" that has tended to characterize the development-assistance program, within the spectrum of international economic policies, and the consequent reduction of Canada's international development policy to its aid program. In other words, the Canadian perspective on world development is being widened. While continuing to attach a high priority to the volume, quality and effectiveness of development assistance, the Government intends to introduce, more systematically and more forcefully, developmental considerations in policy planning in other fields, such as trade and monetary reform, domestic and international investment and transfers of technology. Perhaps I should caution you against too great expectations on this score. Canadian interests have always loomed large and will continue to loom large in the shaping of this wider range of economic policies. A more coherent effort will be made, in the future, to reconcile Canadian interests with the interests of the developing world. In my view, the scope for such reconciliation is much greater than is often realized; but the extent to which we shall succeed will depend on the co-operation of developing countries, their flexibility, their willingness to negotiate transitional measures -- in effect, to engage to some extent in joint development planning with industrialized countries such as Canada.

As the document states: "Movement towards the use of non-aid instruments establishes a direction of overall change that will take several years to implement fully. The first steps of what may be called a 'multidimensional approach' would be necessarily investigative and exploratory, given the need to assess carefully the impact of all initiatives on the Canadian economy and to plan where necessary compensatory measures. These first steps eventually will lead to specific policy recommendations."

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In fact, the Government has already moved beyond the exploratory stage. Following the initial studies of the Interdepartmental Committee on Economic Relations with Developing Countries, established at the end of 1974, we have defined a number of positions that, if they were found acceptable by other countries, would give substance to our new multidimensional approach to international development. I shall have more to say on this score tomorrow in New York, during my intervention at the seventh special session of the United Nations General Assembly.

The other pervasive theme of the new strategy -- flexibility -- is a necessary corollary of the first one; it is also a necessary response to recent changes in the world's economic structure. One of the paradoxes of our times is that, while developing countries have managed to achieve in recent years a much more effective degree of political solidarity within international institutions, the dynamics of the world economy have revealed, sometimes glaringly, significant material differences and discrepancies among them. Some developing countries are fantastically rich in natural resources; others are almost completely bereft of them. Some have a considerable agricultural potential or are surrounded with seas teeming with marine life, while the territory of others is land-locked or covers mostly arid lands. Climate, topography, culture, political traditions, literacy, public health, technology, initial capital, "resource mix" -- all these factors make the permutations of the developmental equation almost infinite. It follows that international development policies will have to be much more flexible in the future if they are to be more effective; and, hence, the intent of the new Canadian strategy is to ensure that each development program or project will be tailored to the specific needs of each recipient country.

Naturally, this flexibility will be exercised within a general framework -- one whose "parameters" will be more explicit, perhaps, than in the past. Thus there has never been much room, in the Canadian assistance program, for the "frills" of development, as evidenced by the considerable investments we have made in social infrastructure such as roads, hydro-electric or irrigation projects. Yet we have deemed it useful to restate our basic priorities: food production and rural development, energy, basic education and training, public health, demography, shelter -- in other words, the most crucial, and also the most intractable, problems of international development. Similarly, you are all aware that the world-wide economic difficulties of recent years have inflicted inordinate hardships upon precisely those countries least able to cope with them, so that our commitment to direct the bulk of our resources and expertise to the poorest countries should surprise no one and be supported by all. Again, to achieve greater flexibility as well as to

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add to the developmental impact of our assistance, we shall untie partially bilateral loans by allowing developing countries to compete for contracts and by selectively seeking procurement in other donor countries when this practice will bring demonstrable and significant benefits. Finally, we have become increasingly aware that the pattern of bilateral assistance in past decades -- the often unco-ordinated "sprinkling" of both financial and technical resources on a large number of recipient countries by most donors -- has been somewhat ineffective. It should surprise no one, therefore, that Canada has decided to concentrate its assistance on a limited number of countries to achieve a greater geographic concentration of its programs -- and thus greater efficiency.

But, lest some of you be concerned about impending cut-backs to existing bilateral programs, I hasten to add that these new guidelines will be implemented with the flexibility that pervades the new strategy, and that all present commitments will be honoured. Indeed, too sharp a break with current practices would defeat the essential purpose of this policy review. Interdependence, after all, is not limited to relations between developed and developing countries; and the poorest countries of the world would hardly be better off if too brutal a shift of Canadian assistance from their slightly more affluent neighbours were to weaken the latter's ability to contribute to overall development through regional trade and co-operation.

Consequently, I invite all of our partners in international development to read this policy document carefully and to discuss in coming weeks its long-range implications for their countries with the appropriate officials in CIDA and External Affairs. I should add that we should also welcome discussions with other donor countries on the new strategy's basic orientations and implementation, as well as on the more general problem of co-ordinating bilateral assistance programs.



# Statements and Speeches

No. 75/28

## THE UNITED STATES AND CANADA -- DIFFERENT PERSPECTIVES, DIFFERENT IMPERATIVES

Remarks by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at a Dinner for the United States Secretary of State, Dr. Henry Kissinger, Ottawa, October 14, 1975.

Mr. Secretary, Mrs. Kissinger,

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This evening could have been devoted to a working dinner; but I felt it would be more useful to bring you in contact not only with members of the Government and officials, but also with members of the Opposition and citizens from all the regions of Canada. Around this table, Mr. Secretary, we have a cross-section of the Canadian people involved in a variety of ways in the very close and diversified relationship that exists between our two countries.

During our talks tomorrow, we shall be exchanging views on the international situation. In this way we shall be participating in the process of the building of a lasting structure of peace and security, the main aim of your foreign policy.

As a student of history, Mr. Kissinger, you are aware of the inherent instability of any world order that is too heavily weighted in favour of a given country. As a citizen of the United States, you recognize the need for pragmatism and flexibility in the conduct of foreign affairs -- principles that, I hasten to recall in the spirit of your country's bicentennial celebrations, Alexander Hamilton and Thomas Jefferson, each in his own way, made the cornerstone of the United States foreign policy.

What you seek to achieve, Mr. Secretary, was well described in a speech that you made in New Delhi last October. Allow me to quote from it:

"Our goal is to move toward a world where power blocs and balances are not dominant, where justice, not stability, can be our overriding preoccupation, where countries consider co-operation in the global interest to be in their national interest. For all that has been achieved, we must realize that we have taken only the first hesitant steps on a long and arduous road...."

This goal, which induced the United States Government to recast its diplomacy in a multi-polar framework, is very similar to our own. Of course, we do not emphasize the same elements in the evolving power structure; nor do we necessarily draw the same policy conclusions from the same elements. For we are distinct societies, each with its own history, array of national interests and bevy of domestic constraints. But there is no doubt in my mind that the current evolution of United States foreign policy allows Canada to implement its own policy of diversification -- what we call the "Third Option". That is, an attempt to develop further and deepen our relations with other countries of the world while moving on with our very close and valued links with your country, the first and the most important among all our partners.

Thus, we hope to play a role on the world scene that corresponds to Canada's aspirations and resources. As you have stated many times yourself, leadership, in the international community, cannot be the burden of only one great power; I would add that leadership equally cannot be the exclusive prerogative of the great powers. Thus it should be considered quite normal for middle powers and even small countries to participate in the resolution of international problems, or in the de-fusing of localized conflicts. This form of leadership sometimes carries risks; it is nonetheless necessary to assure humanity's constant progression towards the new political and economic order to which all peoples aspire.

On occasion we in Canada have been able to play a leading role in world affairs. We have done so with your sympathy and understanding, and we are confident this will be so in the future. That a middle power bordering the world's strongest power can act freely and independently is high tribute to the maturity of our bilateral relationship and our conception of international relations.

Our shared heritage of North American development, our joint achievement of the largest bilateral trading relationship in the world, and similarities in our basic values, have all contributed to our healthy and mutually beneficial relationship. That each government responds from different perspectives to different imperatives only serves to underscore the significance and the soundness of maintaining good relations and of our mutual accomplishment in the maintenance of continued good relations. Indeed, the mutual respect, enormous goodwill and undeniable benefits accruing to both countries as a result of the successful co-operation of our societies point up the unique importance of our relationship, no matter from whose perspective it is viewed.

As a Canadian, I have become increasingly conscious of Canada's

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distinctiveness, as well as of its capacity and determination to chart and control its chosen course.

As a Member of Parliament and Minister of the Crown, I am particularly aware of the interests and priorities of the Government of Canada. I refer particularly to:

- (1) assuring stable economic growth and thus jobs for Canadians and adequate incomes for their efforts;
- (2) combating inflation, so that these are not dissipated;
- (3) stimulating the development of our manufacturing sector, especially of those industries that have a high technological base;
- (4) assuring a rational development of our own energy resources, so that long-term domestic needs can be met;
- (5) deriving significant benefit from foreign investments in Canada;
- (6) strengthening the economic base for developing cultural expression;
- (7) diversifying and expanding our foreign trade and other economic relations.

But, as Foreign Minister, I am struck by the interdependence of the world's political and economic entities, by the need for nations to take reasonable account of each other's legitimate interests, and by the heavy burden upon us all to work unremittingly for the elusive balance between safeguarding the vital interests of one's own nation and avoiding injustice and prejudice to the proper interests of other nations.

Canada and the United States, because of our complex and varied interrelations, inevitably and frequently make decisions that affect the interests of the other. Perhaps now more than ever before.

The challenge we face, constantly, is to keep abreast "conceptually" of the changes that have taken place or will take place in our relationship, so that mutual understanding is based on reality rather than fiction or emotion, past or present -- so that this understanding effectively bears upon the resolution of bilateral issues.

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# Statements and Speeches

No. 75/29

## TOP UN CONCERNS -- LAW OF THE SEA, DISARMAMENT, MIDDLE EAST

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at the Thirtieth Session of the General Assembly, of the United Nations, New York, September 22, 1975.

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We are pleased to welcome among us the delegations from Cape Verde, Sao Tome and Principe, as well as from Mozambique, following accession of these states to the United Nations. Their presence represents a further important step by this organization on the road towards universality of membership.

### Seventh special session

...Increasingly our preoccupations are with global economic and social disparities and opportunities. These are political questions of grave concern, comparable, and indeed related, in scope and importance to those of international peace and security.

Last week, at our seventh special session on these very issues, we at last made some headway toward the reduction of these disparities. We agreed on steps necessary to move towards a new international economic order. We were able to agree because the time was ripe -- indeed overripe -- to move forward in a creative way on these complex issues.

We must now commit our attention and energies to sustaining this will, and to implementing the decisions that we have taken to reform our world economic system to reduce economic disparities. We must recognize, too, our respective peoples' need to be brought into these efforts. We have given undertakings on their behalf -- undertakings to provide those of the world's peoples who constitute a majority, those who are in want, with their full measure of social and economic justice.

I think that we all appreciate the urgency of this fundamental task. Otherwise we should not have achieved the remarkable degree of co-operation that characterized our intense, and most serious, effort during the special session. It is important that we pursue our objective -- and we have only just begun -- in the same spirit of co-operation and mutual respect. This is the most effective way for our organization to work. This is also the most effective way to

ensure that our peoples retain their confidence in our organization's ability to solve our urgent and overriding problems.

We know clearly that there is a need to enhance the role and capacity of the UN in the economic and social fields and thus bring them into a better and more balanced relation with the political objectives and functions of the organization.

At its recent special session, the General Assembly established an Ad Hoc Committee to initiate a restructuring process of this very kind. One of the main documents before it will be the report of experts entitled *A New United Nations Structure for Global Economic Co-operation*. The experts have correctly identified the main weaknesses of the UN system and have made a number of recommendations and suggestions that would improve the balance between the functional or sectoral and the political elements in the system.

I should like to commend to the new intergovernmental committee as well the report of a group of experts convened by the member states of the Commonwealth that is entitled *Towards a New International Economic Order*, which has been circulated as a UN document.

Convinced as we are that the UN must be made more responsive to the needs and concerns of its members, my Government intends to play an active and constructive part in the Ad Hoc Committee to strengthen the UN system so that it may carry forward its programs in working towards a new economic order.

The construction of a new international economic order is but one of the many important preoccupations of the international community at the present time. Population, food, human settlements, and the law of the sea are other global problems that demand the attention of the United Nations.

Of these many global problems, I would like now to speak about the law of the sea, in which Canada plays a particular role.

#### Law of the sea

One of the most important but least recognized functions of the United Nations is the regular and persistent efforts it makes to contribute to a stable world order through the progressive development of international law. The law of the sea is a dynamic example.

We are developing new rules that reflect the growing awareness of the interdependence of nations and the need for preservation of the marine environment and the conservation of its resources. I have no

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hesitation in affirming the view of the Canadian Government that the viability of an increasingly interdependent world order rests on the creation of an international economic system that provides a more equitable distribution of resources and opportunities to all people. This principle must be reflected in the new law of the sea.

The role of the United Nations is central to the process of developing new international law that will reflect broad recognition that the oceans of the world, which cover 70 per cent of the earth's surface, are vital to man's survival. Binding legal rules must be established. The Law of the Sea Conference has already achieved broad agreement on revolutionary new legal concepts such as the economic zone and the common heritage of mankind -- concepts that must form the basis of the constitution of the seas. The new law must lay down duties to go hand in hand with every new right recognized. It must be based on principles of equity rather than power.

The task is a formidable one and may prove to be beyond the capacity of the United Nations. I think not. What is clear, however, is that without the United Nations the task would be impossible and the world would be involved in a series of conflicting claims and counter-claims that could produce serious threats to the peace.

My Government is preparing now for the crucial fourth round of negotiations of the Third Law of the Sea Conference beginning here in New York next March. We do so knowing that to reach final agreement all participants must act responsibly, flexibly and, above all, with a sense of real urgency.

No government is more committed than my own to achieving agreement on a viable and balanced global regime for the seas. But I should be less than candid if I did not state clearly that the Canadian Government, like many other governments, cannot be expected to wait indefinitely for agreement. I hope our actions have demonstrated that the Canadian Government is conscious of its responsibilities to the international community. But the Canadian Government is also conscious of its responsibilities to the Canadian people. The economic and social survival of whole communities in certain coastal areas of Canada depends on the successful outcome of the Law of the Sea Conference or, failing such success, some alternative course of action. It is because of these national and international responsibilities that my Government is now engaged, as a matter of the utmost priority, in a series of talks with countries that fish off our coasts to pave the way for an extension of our fisheries jurisdiction based on the consensus emerging at the Third Law of the Sea Conference.

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I wish to reiterate the faith of the Canadian Government in the United Nations and the opportunity it offers to negotiate multi-lateral solutions to the complex problems of the law of the sea. Only if the multilateral approach fails -- and at a certain point further delay or procrastination is failure -- will my Government, and I assume others, resort to other solutions to protect fundamental national interests. The governments and peoples of the world are not prepared to wait much longer for the results of the conference. We must act quickly and in concert. If we do -- and I am convinced we can -- we shall achieve what the Secretary-General has rightly called "one of the most important conventions ever devised by the International Community".

In 1945, the founders of the United Nations, profoundly influenced by the holocaust of war, were determined that the central task of the international organization would be the maintenance of international peace and security. They devised -- so they thought -- a system for the settlement of disputes between nations without recourse to the use of force.

Thirty years later, this fundamental problem still faces the United Nations. Two crucial aspects of this problem are disarmament and peace-keeping. They were the principal themes of my address to the Assembly last year, but such is their importance that I make no apology for reverting to them.

#### Disarmament

Few issues before this Assembly give rise to aspirations so great or frustrations so deep as the question of disarmament.

We aspire to agreements that will check the use of force, reduce tensions and free resources for productive social and economic purposes. But our hopes are frustrated by the relentless drive towards new heights of destructive power.

Nuclear weapons exist in the tens of thousands and we are faced with the frightening possibility that they will spread to more countries. The advanced countries continue to spend enormous amounts of money on armaments of all kinds, and the military expenditures of some developing countries are rapidly increasing.

Is it any wonder that ordinary people everywhere, with deep unease and impatience, await real progress towards disarmament?

The SALT talks have been of major importance in promoting a climate of strategic stability and political *détente*. But they have not

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halted the competition in nuclear armaments. Nor have they achieved steps of actual nuclear disarmament.

The problems involved are infinitely complex, but the need for solutions is pressing. We urge the United States and the Soviet Union to conclude their present negotiations and to proceed without delay to achieving steps of nuclear disarmament. We also urge the nuclear-weapons powers to re-examine the technical and political obstacles to an agreement to end nuclear-weapons testing.

Efforts to curb the proliferation of nuclear weapons must be accompanied by efforts to ensure that the further dissemination of nuclear technology is devoted solely to peaceful purposes. The Conference to Review the Non-Proliferation Treaty reaffirmed the treaty's vital role as the basic instrument of the non-proliferation system. It made it clear that all parties, both nuclear-weapons states and non-nuclear-weapons states, must meet their obligations fully under the treaty. This is essential if the dangers of proliferation are to be averted.

The review conference also reaffirmed the role of the treaty as the basis for wider co-operation in the peaceful uses of nuclear energy. Canada will fulfill its obligations under the treaty to facilitate, to the extent it is able, international co-operation in the exchange of nuclear technology and materials for peaceful purposes, particularly between the advanced and developing countries. The need for such co-operation has clearly been increased by the change in world energy costs.

However, I should, at the same time, stress that we have an obligation to ensure, to the maximum extent possible, that the co-operation we enter into does not in any way contribute to the proliferation of nuclear weapons or to the manufacture of nuclear explosive devices for whatever purpose.

Preoccupation with the dangers of nuclear weapons must not blind us to the growing threat from use of conventional force. Urgent and closer attention must now be given to the search for arms control and the reduction of forces in order to promote regional stability and mutual security. Now that the Conference on Security and Co-operation in Europe has been concluded, we look for substantial progress from the negotiations in Vienna on the reduction of forces in Central Europe.

The basic responsibility for reducing the dangers and burdens of armaments rests primarily with the major military powers. But we must recognize the various constraints under which they operate

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if we wish effective arms-limitation and disarmament agreements. Advances in military technology often complicate efforts to find the technical and military basis for agreement and satisfactory means of verifying commitments. Agreements must promote or be compatible with the security interests of participating states. Disarmament negotiations are unlikely to succeed unless political conditions are conducive to progress.

But this is no argument for inaction in this Assembly. It is no argument for accepting the present and totally unsatisfactory rate of progress in achieving disarmament measures. The General Assembly must continue as the forum of international concern and as a spur to action in the field of disarmament.

#### Peace-keeping and the Middle East

If our anxiety about the prospects for progress in disarmament continues unrelieved, we can draw some comfort from the recent movement towards peaceful settlement in the Middle East.

No one who has the interests of world security at heart can fail to be encouraged by the statesmanlike conduct of the leaders of Egypt and Israel, which produced the new interim agreement on the Sinai. We also recognize the dedication of the American Secretary of State, whose tireless efforts have once again contributed towards a positive result. It is a fragile beginning to be sure. By itself, it does little to settle the underlying issues; and they must be resolved if peace and security are to come to the Middle East. But we see in the agreement grounds for hope. We see it as the first stage in a series of interlocking negotiations and agreements that would involve all the parties to the dispute and embrace all the fundamental issues, difficult though this will be. The end would be a just settlement that would enable the destructive passions of the past to be overcome and permit all peoples in the area to live as neighbours in peace and security.

For all those concerned about United Nations peace-keeping there is another reason for drawing satisfaction from the Sinai agreement.

Peace-keeping is one of the few useful instruments that the international community has developed to help promote peaceful solutions to disputes. It is designed to assist the parties to a dispute to draw back from conflict when they recognize that this is in their best interests and to help create circumstances in which their differences can be settled by negotiation.

But all too often peace-keeping reduces the incentive of the dispu-

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tants to move beyond the mere cessation of hostilities to a serious search for a political settlement. Consequently, sceptics charge that United Nations peace-keeping does little more than perpetuate an uneasy status quo.

If peace-keeping is to be truly effective, it must be accompanied by a parallel effort on the political level, especially by the parties most directly concerned, to convert the temporary peace that a peacekeeping force is asked to maintain into something more durable.

Since the initial cease-fire agreement in the fall of 1973, UNEF has fulfilled its task of providing a buffer between the disputants and of helping to produce a period of relative calm in which negotiations could be pursued. The parties concerned took full advantage of the peacekeeping operation; they negotiated and reached a new interim agreement. The significance of this for peace-keeping is that UNEF has not merely perpetuated the status quo; it will now go on to make the new agreement effective and to provide the basis for further steps in peacemaking. In short, UNEF is doing the job for which it is intended -- that is, helping to create the circumstances for a search, at the political level, for a solution to the Middle East problem.

Peace-keeping can only continue, of course, if it has the full support of all member states, including practical support in the form of prompt payment of peacekeeping assessments. Without the necessary financial resources, neither the United Nations nor individual force contributors can be expected for long to carry the responsibilities they have been asked to assume.

#### Structural reform: political issues and technical problems

I should like to comment on one particular problem affecting the management of the affairs of our evolving organization. Efforts have been made over the years to treat technical problems and political issues separately. The Specialized Agencies and technical conferences have been mainly devoted to their own immediate concerns, while political issues have been discussed primarily in those organs with the competence to deal with such matters, the Security Council and the General Assembly.

We well recognize that, even in technical conferences, member states must take account of political realities, and that in some cases the line of separation between the political and technical cannot always be too rigidly drawn. But we shall do a serious disservice to our system of co-operation within the UN system if we fail to distinguish

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in a clear and unmistakable manner, between, on the one hand, the authority and competence of the Security Council and the General Assembly in those political fields prescribed by the Charter, and, on the other, the competence and authority of technical conferences in their respective fields.

In the meantime, it is the hope of my Government that, in the spirit of co-operation that has so happily characterized the deliberations of the seventh special session, we shall all voluntarily refrain from the introduction of unrelated political considerations into the proceedings of the Specialized Agencies as well as the organs that have been assigned specific responsibilities for implementing the decisions of the special session. We should allow these bodies to get on with their technical work. This would surely be in the best interests of each UN member and of the organization as a whole.

The celebration of the thirtieth anniversary of the United Nations prompts all of us to reflect upon the place of this organization in the life of the international community. Its critics have been many and persistent; its supporters sometimes wavering. But, whatever its shortcomings over the years, we must recognize the simple fact that, in our quest for peace and security and our search for solutions to the great economic and social issues of our time, this universal forum is irreplaceable.



# Statements and Speeches

No. 75/30

## POLICIES OF APARTHEID OF THE GOVERNMENT OF SOUTH AFRICA

A Statement in the Special Political Committee of the Thirtieth Session of the United Nations General Assembly by Mr. Louis Duclos, Representative of Canada, October 23, 1975.

Over the last several years, the Canadian delegation has repeatedly spoken out in this and other forums in opposition to the racist policies and practices of the South African Government. In so doing, it has expressed the abhorrence of the Canadian people and its Government for the iniquitous and demeaning system of *apartheid*; a system which, because it denies basic human rights and civil liberties to the overwhelming majority of the people of that country, is self-destructive and ultimately doomed to failure.

As the Canadian Government firmly believes that self-determination for the majority of South Africa's inhabitants is inevitable, it, like other concerned governments, is determined that all reasonable means must be taken to encourage and advance this process. My Government's actions in this regard have been fully consistent with its declared policy of encouraging social justice both at home and abroad as spelt out in the Canadian foreign policy review of 1970. Its actions are similarly consistent with the belief that the maintenance of peace and security for all nations and peoples is a priority concern, not only for Canada but for all peace-loving states. For these reasons, the Canadian Government has supported positive and pragmatic measures in the search for a rapid and peaceful solution to the South African problem, while rejecting any inconsistent or impractical measures that would not effectively promote fundamental change and could serve to increase international tensions.

We have witnessed this year a profound evolution of the situation in Southern Africa, at a pace that, not too long ago, would have been considered most improbable. I refer, of course, to the welcome achievement of independence for the states of Mozambique, Cape Verde, Sao Tome and Principe and the imminent independence of Angola, as well as to the efforts by such respected leaders as Presidents Kaunda of Zambia, Nyerere of Tanzania, Machel of Mozambique and Sir Seretse Khama of Botswana to seek solutions to the problem of Rhodesia. While the results of the talks held this summer were disappointing, the very fact that they have been held at all was yet another source of encouragement for the belief that the log-jam blocking self-determination for the peoples of Southern

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Africa is at last beginning to break up.

Yet it is evident that the bulwark of racial oppression, South Africa and its *apartheid* regime, is still basically unaffected by the course of events. Despite Prime Minister Vorster's role in facilitating the Rhodesian talks this summer, despite the removal of various forms of "petty" *apartheid* in South Africa, and despite the concerted efforts of the international community to impress upon that Government the universal condemnation of its racist policies, the vast and complex body of laws sustaining *apartheid* in South Africa remains virtually untouched. The situation of the non-white majority of South Africans remains oppressive, and the minority of South Africa and its Government continue to go along their shortsighted way.

In the face of the possibility of the situation in South Africa stagnating or, worse, deteriorating into racial violence or civil war, the Canadian Government, in co-operation with other member states of the United Nations, has sought to adopt policies and institute measures that would encourage and sustain the non-white majority in its hopes of achieving self-determination. Simultaneously, we have taken measures to persuade the South African minority and its Government that the only road to a peaceful resolution of South Africa's racial situation is through co-operation and an equal sharing of all South Africans in the political system. In pursuing these goals, my Government has held to the priority consideration that neither side of the dispute must be allowed to become so isolated and alienated as to endanger the ability to work together to achieve a harmonious solution to South Africa's racial problem and an equitable sharing in the fruits of that society.

In this spirit, the Canadian Government has adopted a number of concrete measures to demonstrate the depth and strength of its rejection of *apartheid*. Its action in the various fields to which I shall refer has been consistent and it will continue to be so. We believe it is important for the Government of South Africa and its electorate to realize that we shall never become complacent about a system that, by its very laws, denies the fundamental rights of individuals.

The Canadian Government contributes to a number of United Nations and other international funds designed to provide to non-white South Africans education and training opportunities that are denied them in their own country. These contributions amount in the present fiscal year to approximately \$800,000, and include contributions to such organizations as the UN Education and Training

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Program for South Africa (for which the Canadian Ambassador serves as Advisory Committee Chairman), the International University Exchange Fund and, as well, to the United Nations Trust Fund for South Africa. (In a related field, the Canadian Government has announced today a contribution of \$100,000 to the Institute of Namibia.) Apart from participation in such international programs, the Canadian Government is able to provide direct assistance for projects carried out by Southern African groups in partnership with Canadian non-governmental and other international organizations in humanitarian areas such as medicine, education and agriculture.

Canada's bilateral-assistance program to the independent African nations of Southern Africa is substantial, totalling in loans and grants during 1975/76 over \$60 million. The main object of these programs is, of course, to co-operate and assist in the economic and social development of these countries; but we consider that our contribution to their development as stable, independent countries also serves as a rebuke to the racist ideology of *apartheid*.

Another important question relates to the barring of South Africa from Canadian national sports competitions. In a recent letter, the Canadian Minister of Health and Welfare, whose department is responsible for providing funding to Canadian sporting organizations, drew to the attention of all such organizations the Canadian Government's attitude toward the racial policies of South Africa. The substance of the letter is as follows: "*Apartheid* is as rigorously enforced in athletic competition as in any other sphere of South African life. This situation is in direct opposition to the Olympian principle that forbids discrimination on racial, religious or political grounds, and for that reason the International Olympic Committee in 1970 suspended South Africa from participation in the Olympic movement. This position was given unqualified support by the United Nations and by the Canadian Government." The letter goes on to say: "You will also be aware that present Canadian Government policy denies funding to any Canadian athlete or group of athletes who intend to travel to South Africa for the purpose of participating in an athletic competition. While we fully recognize that the decision rests with the individual and/or sport-governing body concerned, we have pointed out that competition in South Africa, under conditions of racial discrimination that are universally condemned, is a matter of considerable Canadian public concern. Although the Government of Canada does not support such visits, neither is it prepared to limit the freedom of Canadians to travel abroad wherever they wish. More recently, athletes from South Africa have been invited to participate in sporting events held in Canada. This letter will confirm the position taken by the Government in July of this year of not providing either moral or

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financial support to any event in Canada to which South African athletes have been invited. This policy is being implemented in concert with many other nations in the hope that concern over increasing isolation will encourage the South African Government to take real and substantive steps to abandon the policy and practice of *apartheid*."

I should note that this most recent publicity given by my Government to this matter is particularly timely in view of the fact that the Olympic Games will be held in Canada in 1976. It demonstrates that the Canadian Government remains sceptical of South African manoeuvres intended to give an impression of racial non-discrimination in South African sports. It considers that the steps that have been taken thus far are primarily cosmetic and are not indicative of any fundamental changes in South Africa's racist sports policies.

Turning now to the question of the embargo on sales of military equipment to South Africa, I wish to point out that the Canadian Government, as early as 1963, placed an embargo on the sale of military equipment to the Government of South Africa. In 1970 we further banned the export of spare parts for such equipment, and we have thus scrupulously maintained the embargo in accordance with Security Council Resolution 282.

Returning to the central issue, the Canadian Government is unimpressed by the removal of various aspects of "petty" *apartheid*. Certainly we welcomed the repeal of the oppressive Masters and Servants Acts and the amendment of the Bantu Labour Act of 1923, but we are dismayed that, despite a great deal of verbiage from South African spokesmen on the subject, the enormous bulk of *apartheid* legislation remains virtually untouched. The shortsightedness of the white South African population regarding the crucial need for fundamental change is deplorable. Ever more reprehensible is the use by the South African Government of such repressive legislation as the Terrorism Act and the Suppression of Communism Act to punish and indefinitely imprison persons whose only offence is their opposition to *apartheid*. The excessive delays by the South African Attorney-General in bringing cases to court and the dubious prosecution tactics employed against such persons (including the removal of charges found unacceptable by the courts and substitution of new charges) must be condemned in the strongest terms. As for the so-called "separate development" or "Bantustan" policy, my Government finds unacceptable a policy that allocates 13 per cent of the land, and often barren land at that, to 80 per cent of the population. Such a policy is a blatant denial of the right of the majority to an equitable distribution of the resources of South Africa.

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In the light of considerations such as these, the Canadian Government is under no illusion as to the magnitude of the task of bringing about the eradication of *apartheid*. It must be recognized, however, that change in the South African racial situation must ultimately come from within South Africa itself. The question of how that change can be achieved is very much of concern to my Government. We shall never condone a situation in which the majority of the people of a country are denied fundamental rights of participation in the social, economic and political life of that country; equally, we cannot condone the encouragement of the use of violent means to achieve the required changes. We welcome the fact that the Organization of African Unity continues to advocate a peaceful resolution of the problems of Southern Africa, as we welcome the statements of many African leaders to the effect that peace in Southern Africa is of great importance to Africa and to the world. My Government feels that this self-evident fact cannot be stressed too forcefully.

The United Nations should resist extreme or counter-productive measures born of frustration and fatigue at South Africa's intransigence, and pursue activities aimed at making the minority regime and population recognize that it must effect fundamental change. In this sense the Canadian Government opposed the *de facto* suspension of South Africa from the twenty-ninth session of the General Assembly. We regret their absence from the thirtieth session of the General Assembly, as we continue to believe that the greatest hope of effecting change in South Africa lies in the constant exposure of its people and government to the expression of international condemnation of their country's policies and practices.

In this connection I wish to note specifically the work of the Special Committee against *apartheid* and its efforts to expose the injustices of the *apartheid* system. Such pragmatic measures hold out greater promise for the eventual elimination of *apartheid* in South Africa than do those born of despair. For its part, my Government will continue to do everything feasible to encourage the positive evolution of the racial situation in South Africa and the end of the *apartheid* system.







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# Statements and Speeches

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No. 75/31

## CANADA'S STUDIES PROGRAM ABROAD

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at the Inauguration of the Chair and Centre of Canadian Studies at Edinburgh University, Edinburgh, October 21, 1975.

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That the first chair and centre of Canadian studies in Britain should be in Scotland is in no way surprising. There are the strongest of ethnic and cultural bonds between our country and this region of the United Kingdom.

I myself represent Nova Scotians of varied Scottish ancestry in our Parliament, but there are also: the French-speaking descendants of the Fraser Highlanders in Quebec; the descendants of Scottish settlers of Glengarry in Ontario; the Selkirk immigrants to Manitoba; the Hebrideans who peopled the south of Saskatchewan; the Glaswegians who dug the first coal mines on Vancouver Island -- in all more than two million Canadians who claim Scottish forebears and who form the country's third-largest ethnic community.

Many of the ships that for two centuries carried Scots westward across the Atlantic would bring back not only timber for the great shipyards of the Clyde, salt fish, fine furs and abundant wheat, but Canadian students bound for the Scottish universities -- St. Andrews, Glasgow, Aberdeen, and particularly Edinburgh.

Quite apart from its high academic standards and intellectual celebrities among the faculty -- then as now --, there was another circumstance about Edinburgh University that appealed quite naturally to the sons and daughters of Scottish-Canadians: this was what the *Commonwealth Universities Year Book* discreetly refers to as "the economy of its lodgings".

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Scottish immigrants and their children returning from Scottish universities brought to Canada the legendary respect of the Scot for the practical benefits of education. But they also brought with them the Scottish respect for human values, the ready sense of humour, the habit of modesty and warm neighbourliness, and a quiet determination to build a nation devoted to the pursuit of equal access to security and dignity for every individual citizen. The Scottish influence had a profound impact on the early development of Canadian education systems -- indeed, I suppose it is more to our Scottish ancestors than to any others that we owe the fact we have long enjoyed in Canada the kind of comprehensive school systems that are still in dispute in parts of this country. From our Scottish ancestors we have learned to relax and enjoy comprehensives.

Canadians acknowledge this debt in many ways -- in the thistles and St. Andrew's Crosses that adorn the coat-of-arms of many of our universities, in the continuing links between teachers and scholars, in the growth of Scottish studies in Canada -- as well, I suppose, as in the continuing support of the distillery business, and the continuing disapproval of this habit by some in our Presbyterian congregation!

Two Nova Scotian historians, MacLean and Campbell, have summarized the influence of Scotland on Canada as follows:

"The attitudes of the students in the old land toward education were carried with them and congealed in this new society; the lad of the crofter or tradesman was not turned away from Edinburgh University, nor was he kept out of institutions of higher learning in Nova Scotia because of class distinction."

While the seeds of Scottish education spread rapidly across Canada, the new soil in which they grew inevitably altered the texture of the flower. In a predominantly Scottish area of Nova Scotia -- Pictou County --, the school curriculum at the turn of the century included calisthenics and military drill, vocal music, hygiene and temperance, moral and patriotic duties. Today I imagine that, of that list of subjects, only calisthenics and, perhaps, hygiene survive! Still, the Scottish tradition forms part of the educational bedrock upon which the study of Canada, its institutions, its history, geography, economy and literature have developed.

It is evidence of the maturity of our Canadian nationhood today and the inherent value of Canadian studies that the University of Edinburgh has integrated those studies into its own academic program.

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We in Canada are deeply complimented by the expanding attention being paid to the study of our history and current affairs at this university. It is as good evidence as any I can think of that we have truly achieved our independence and established our own modest but unmistakable identity in the world.

To many of you in these ancient lands, where national identity has for centuries been so familiar that you seldom think about it, it must seem a little strange that establishing our own distinctive identity is so important to Canadians. It is hard to explain that wish, but it is there. It exists in much the same way as one elder finally realized the reason for church union in Scotland existed. During the debates in the presbyteries, he at last withdrew his opposition in these words: "I think the scheme of union is impractical, ill-considered, unjust, and indeed absolutely idiotic -- but there is no doubt it is God's will."

If a distinctive Canadian identity is not necessarily God's will, it is certainly the will of most of any Canadian politician's constituents today; and this is one of those occasions that suggest that perhaps we have established the Canadian identity abroad more clearly than we realize at home in Canada. In selecting as its first objective the support of a new chair and centre of Canadian studies here in one of Britain's most dynamic and honoured centres of learning, the Foundation for Canadian Studies in the United Kingdom has created a prominent focal point for the encouragement of Canadian studies in other British universities and in universities in other European countries.

It is difficult for any Canadian to discuss Canadian culture before an audience like this one facing me today. The difficulty begins in the problem of defining the meaning of culture. You British have had it so long that today you simply enjoy it, you know you have it, and the definition doesn't matter. We Canadians didn't have it, we think we're beginning to have it (though we're not sure we should enjoy it), and we're still trying to define it.

Your *Concise Oxford Dictionary* is not much help, either. Its definition of culture is as follows: "tillage; rearing, production (of bees, oysters, fish, silk, bacteria); set of bacteria thus produced; improvement by (mental or physical training); intellectual development". Perhaps improvement by mental or physical training and intellectual development come as close as possible to describing the new interests that seem to be occupying the attention of Canadians more today than in the past -- when tillage, rearing and production tended to be our main preoccupations.

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Nevertheless, allow me, by way of conclusion, to say a few words about the wider context of this endeavour -- namely, Canada's foreign cultural relations. Cultural interest and activity in Canada are enjoying a period of unprecedented vigour. From a base in universities and institutions of higher learning, for a long time almost their sole repositories, cultural programs have spread to other sectors of society and become more universally accessible. This has led to the decision of my Government to support cultural activities in a number of areas, so that we now have, for example, a policy of support for the performing arts, a museums policy and a policy of support for the production of feature films in Canada.

It was plain that this growth and diversification should be reflected in the foreign policy of our Government, so as to project on the international scene the breadth, depth and creativity of Canadian cultural activities. Accordingly, the Government has approved in principle a five-year plan for broader cultural relations with other countries.

The objectives of Canada's foreign cultural policy, subjected as we are to the generally welcome but somewhat too pervasive influences from the United States, are to maintain and strengthen our British and French connections, to sustain our participation in the institutions of the Commonwealth and La Francophonie, to diversify our cultural exchanges towards selected countries in Europe, Asia, Africa and Latin America. For the selection of activities to be undertaken or promoted, we have chosen three criteria.

First, we plan to establish cultural contacts with more countries and to assist Canadian intellectuals and artists in establishing and cultivating stronger ties with their foreign counterparts.

Second, we are attempting to supplement the conventional types of exchange with programs in new areas, where the number of requests for assistance we receive bears testimony to a growing need in Canada, such as more exchanges of teachers in the academic field and more youth exchanges at the cultural level.

Finally, we have borne in mind the findings of important international conferences on cultural exchanges, such as the UNESCO conferences in Helsinki and Venice, which have clearly emphasized the importance of exchanging people, as opposed to simply trading cultural goods. In our view, it is the promotion of contacts with other artists and other audiences that will strengthen relations between different peoples and cultures and ultimately lead to the production of works meeting contemporary expectations.

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An important dimension of this five-year plan is the development of Canadian studies abroad. The project we are launching today is very much a part of this program. So, too, is our support for the efforts of British academics to develop a network of Canadian courses in other British universities. In one or more of the fields of geography, literature, history, economics, political science and sociology, actual or potential interests exist at the Universities of Birmingham, Cambridge, East Anglia, Leeds, London, Oxford, St. Andrews, Strathclyde, Sussex and Warwick.

I have referred on another occasion to the role of Professor Wreford Watson in relation to Canadian studies at this university; but this catalytic role has a national dimension as well. He is the first President of the British Association of Canadian Studies, which was formally launched only last month at the University of Leeds.

This is the first year that a Canadian studies program overseas has been supported by our Government. In addition to Britain, other countries now included in this new public affairs element of Canadian foreign policy are France, Japan and the United States. Next year, this program will be extended to Belgium, Germany and Italy. The Canadian studies component of our five-year plan for expanding cultural relations with other countries is to be developed through the exchange of professors, the support of joint research opportunities, the encouragement of inter-university communications, the provision of Canadian books and learned journals and the organization of conferences and seminars.

You may well ask what the Canadian Government hopes to achieve by this wider projection of Canadian cultural interests and activities on the international scene. I suppose most of all we see this as a new way of testing the qualities of our own achievements as a nation. We believe there are valuable mutual benefits to be gained when countries share not only their separate cultural experiences, at as many levels of "people-contact" as possible, but also their cultural judgments and critical analyses, favourable or otherwise.

The most important answer to that question, of course, must come from Canadians themselves -- our artists, our writers, our performers, our scholars, our scientists, our thinkers, and all others in every national community who support and enjoy their works.

We in Government are aware that culture is not something created by an act of Parliament -- not even the Parliament at Westminster! It flows from the minds and the spirits of the individuals who make up a society, a nation. Institutions, governmental and otherwise, can offer encouragement and open new opportunities for cultural

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endeavours; but only individuals can create those works that go into the formation of a nation's cultural heritage.

It would be rhetoric of the most high-flown order to suggest that Canada's cultural, as distinguished perhaps from political and economic, achievements are about to overtake those of Britain. We have not had the centuries of accumulated experience, for one thing.

But I do believe we can realistically hope that, out of the immense variety of historic materials we have inherited in Canada from this European continent, we may gradually continue to make our own contribution to the cultural heritage of mankind, one that will endure in its own right by its excellence.

If only a few such Canadian achievements are identified or encouraged by the new institution we are ordaining here today, Canada will once more have sound reason to renew its sense of gratitude and good fortune for enjoying our common heritage.



# Statements and Speeches

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No. 75/32

## LORD TWEEDSMUIR AND THE CANADIAN MOSAIC

A Statement by the Honourable Allan J. MacEachen, Secretary of State for External Affairs, at a commemorative dinner for Lord Tweedsmuir, Governor General of Canada (1935-40), Edinburgh, October 22, 1975.

Lord Tweedsmuir, High Commissioner, My Lords, Distinguished guests,

Courtesy requires that I be brief, but alas, the object of my toast does not lend itself to cursory treatment. For I wish to herald the "Scottish-Canadian Connection", as I must at a dinner in commemoration of John Buchan, first Lord Tweedsmuir and one of the most beloved of Canada's Governors General.

Lord Tweedsmuir's qualities of heart and mind were more than sufficient to win the affection of Canadians; but what especially endeared him to them was his attachment to Canada.

For he loved Canada almost as much as he loved Scotland; and so he should, for in a very real sense the country is a fragment, magnified and augmented a hundred times, of his native land. His travels were extensive and carried him several times across a continent riddled with evocations of other names and places -- Inverness, Cardigan, St. Andrews, Perth, Lanark, Elgin, Selkirk, Dunvegan, Fraser -- all the way to Cape Scott on the tip of Vancouver Island.

"The richness and spaciousness of the Canadian scene appealed strongly to his romantic spirit," wrote his secretary, Shuldham Redfern. "The unexplored resources and the physical frontiers of the great expanses of the North stimulated his love of adventure. The bright texture of the many races which made up the fabric of the Canadian nation found a ready response in his profound knowledge of their history." Little wonder that Prime Minister MacKenzie King should have disclosed, upon his passing, that Lord Tweedsmuir had expressed the wish on more than one occasion to be truly called a Canadian. Before the law, he remained a Scot and a Britisher; but there is little doubt in my mind that John Buchan was one of the first of Canada's English-speaking "multiculturalists". In no way did he share the indifference then rampant in many parts of the country for the French-Canadians; at no time did he reproach them for not speaking a "Parisian French" which simply was not theirs; for he knew, perhaps, that most of them had originally come from that part of France stretching from the Seine and the Garonne to the Atlantic and which the Romans called "Celtia".

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"...My husband, having all the Scottish penchant towards anything French, absorbed every detail of French-Canadian culture and entered into their industrial and agricultural life with the utmost keenness," Lady Tweedsmuir was to write later. "He also studied their speech and delighted in learning the ancient words they used which date from the days of King Louis XIV. He sat writing in the Citadel\* for hours, often in a corner of the terrace where he drew inspiration from the beauty of the scene around him."

Scots have been coming to a multicultural Canada ever since some of the companions of the Kirk Brothers, after the treaty of Saint-Germain-en-Laye, conveniently traded Nova Scotia for Acadia and joined La Compagnie de la Nouvelle-France, set up in 1637 by Cardinal Richelieu. For more than two centuries they kept on coming, individuals or clans or whole communities -- the Boisdale Catholics of South Uist to Prince Edward Island in 1771, Empire Loyalists from the United States to all regions of what remained of British North America, the Catholic Gaels from the Hebrides to Eastern Nova Scotia, the doughty settlers led by Norman MacLeod, men and women from all areas of Scotland, pushed or pulled by the vagaries of economic development in the old and the new continents.

These great migrations, as Lord Tweedsmuir was to discover, left a permanent imprint upon Canadian society. There is a strong romantic streak in the Canadian character, and it is not exclusively French. There is a strong element of moralism, even of righteousness, in Canada's political ethos; and not all of it can be traced back to English Puritanism or French Jansenism. I spoke yesterday of the Scottish element in our educational tradition; but the military did not escape scot free; if our soldiers have shed the claymore, some still march in the kilt to the sound of the pipes. But it was perhaps in trade, commerce and industry that the influence of Scottish immigrants was predominant; in fact, economic historians claim that they have largely moulded the economic outlook of Canada as a nation. It was, after all, a Macdonald who imposed recently, as Finance Minister, a program of austerity and restraint that has sent shudders down the spine of many Canadians; and he did so under the leadership of a Prime Minister who is not only a Trudeau but also an Elliott!

Yes indeed, the Scots have done much to build the modern nation they now share with millions; but in the process they have become Canadians. We still get lumps in our throats when we step on this soil -- as our fellow Canadians do in Paris or Dublin, Rome or Lisbon, Beirut or Jamaica; but we always come back home.

Scottish Canadians inserted their own ethnic qualities in the



"Canadian mosaic"; but they were fortified by the bonds of a single nationhood. They learned in Canada a tolerance that, when they left, was not always practised in their native land -- tolerance of the Protestant for the Catholic, of the English for the Scot, of the British for the French, of the native-born for newcomers from many lands, of many tongues and many races. With all, they learned to share the bounties of the land and of their own industry. Even my own Nova Scotia is no longer, strictly speaking, a New Scotland, for, in addition to descendants of Micmacs -- a native people --, Scots and Acadians, its population now includes German-Canadians, Yankee-Canadians and citizens of West Indian ancestry.

Lord Tweedsmuir mingled with all of them, sensed and appreciated the spirit of a people still unaware of itself. There can hardly be a nobler way to herald the "Scottish-Canadian Connection" than to raise our glasses in commemoration of this great Scotsman and this great Canadian.





# Statements and Speeches

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No 75/33

MR. MACEACHEN IN EDINBURGH -- SOME THOUGHTS ON CANADA, BRITAIN AND THE WORLD

The Texts of Three Brief Statements by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, in Edinburgh on October 21, 1975.

(a) *Remarks at a lunch for the Directors of the Foundation for Canadian Studies in the United Kingdom:*

Allow me to say, first, how pleased I was to attend this morning the meeting of the Foundation for Canadian Studies in the United Kingdom.

The progress accomplished since its initial meeting last December -- and the progress leading up to that initial meeting -- are most impressive, and I begin at once with a general "thank-you" to all who were responsible for this success. In a matter of months, a well-endowed and well-organized institution was brought into existence, which we in Canada believe will make an important and continuing contribution to relations between our country and the United Kingdom. At a time when no one was in a mood -- or a position -- to throw money around loosely, if there ever is such a time, the goal of the fund-raising campaign was substantially over-subscribed. Instead of the target of £180,000, the final subscription, I understand, had reached, as of last Friday, £222,394 and 94 p. As many of you know, the Canadian Government had agreed to contribute £60,000 to the Foundation, provided Canadian businessmen doing business in Britain and British businessmen doing business in Canada could each be persuaded to contribute a matching amount.

I find it most impressive and most encouraging to realize that British and Canadian businessmen over-subscribed to the extent they did. What this says for the healthy condition of business relations between Britain and Canada is more eloquent and convincing than any words I might offer you on the subject today. So I take this opportunity publicly to thank, on behalf of the Government of Canada, all those British and Canadian businessmen who have chosen this unique means of reasserting their faith in the Anglo-Canadian connection. The response to the subscription campaign has been so remarkable that I can hardly think of a more profitable cultural investment the Canadian Government could have made than its contribution to the Foundation.

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My Scottish blood may have been diluted a bit by a few winters in Canada, but I still have enough "ken" left to know that a success like this does not happen by accident.

I understand that one of the chief arm-twisters in this campaign is here among us today in the person of Lord Amory. For putting his familiarity with exchequers, public as well as private, at the disposal of the Foundation, I extend him a personal "thank-you". It pleases me to imagine that the idea of strengthening academic relations between our two countries germinated in Lord Amory's mind during the years he spent in Ottawa as Her Majesty's High Commissioner in Canada.

Another name that must be singled out for mention on this occasion is that of the person I understand was the chief arm-twister of them all, our former High Commissioner to Britain, and now our Ambassador to the United States, Mr. Jake Warren. If my informants are correct, it was Jake who twisted the arms of the arm-twisters, who then went out and raised the funds by whatever means at their disposal. Perhaps Mr. Warren was infected with his zeal for this cause during one of the pleasant evenings Lord Amory used to conduct in the salons of Earnscliffe -- now the residence of the British High Commissioner in Ottawa, but earlier the home of Canada's most famous Scottish immigrant, our first Prime Minister, Sir John A. Macdonald of Glasgow.

Having sat with him in Cabinet for a great many years, I know how easy it is to infect my colleague Paul Martin with a good idea. So I was not at all surprised that, upon his appointment to London, he should have taken over with characteristic zest Jake Warren's duties as Chairman and Chief Executive of this Foundation. I must also thank the other members of the Foundation Board for their generous contributions of time to the support of its activities. May I also mention two members of our High Commission who have energetically assisted in this project, Mr. John Sharpe for administering the fund-raising campaign and Mr. Don Peacock, who conceived the idea of the Chair of Canadian Studies in the United Kingdom?

There will be an opportunity on a later occasion today to pay similar tribute to Sir Hugh Robson, Vice-Chancellor and Principal of Edinburgh University; to his predecessor, Professor Swann; to Professor Watson, Vice-Principal Saul, Philip Wigley, Nat Wolfe and their colleagues for welcoming and helping so much with the establishment of the Chair and Centre of Canadian Studies. Without this warm welcome and generous support by the university, this whole project would not have been possible. May I again express the sincere gratitude of the Government of Canada to all of those responsible



for this project; may I officially welcome all of you here today and thank you for coming -- and may I now invite you to drink a toast to the continued success of this endeavour?

(b) *Remarks at the opening of an exhibition on Scottish activities in Canada at the University of Edinburgh Library:*

This exhibition speaks more eloquently than any words I could muster of the role of the Scots in the development of the Canadian nation as we know it today. It also contains evidence of the influence of the University of Edinburgh on the development of Canada from its earliest times.

Some of the history of the Scots in Canada has a flavour that is bittersweet -- an element often to be found in the history of any land.

We are reminded of this particularly by the letters in this exhibition of E. Topham, who claimed that the old clan system left the Highlander with the impression that in his own land -- and I quote directly now -- "all was a barren solitude, from which he could never change but for the better". That reflects some of the bitterness, as does his further suggestion that the Scots, Highland and Lowland alike, had -- and again I quote directly -- "become a nation of wanderers by profession".

But that, for the Canada we know today, is where the bitter began to sweeten a little. With the immigration of Scots to Canada, what was Scotland's loss became Canada's gain, and in a variety of ways too lengthy to list here this afternoon. A few more examples drawn from this exhibition are sufficient to substantiate this point.

Sir John A. Macdonald, who was born in Glasgow, is Canada's most famous Scottish expatriate, of course, because he was the most influential among the Fathers of Confederation and our first Prime Minister. Although his politics were not those of my own persuasion, I have no hesitation in giving him the full honour due him for getting the evolution of Canada well started in the early years after 1867.

Our second Prime Minister, Alexander Mackenzie, was also a Scot, born near Kunkeld, Perthshire. His politics were more to my personal liking than Sir John A. Macdonald's, although he has still to achieve the recognition of the fellow Scot he defeated. One of the law graduates of this University played an enormous role in an earlier period of Canadian history. As this exhibition also reminds us, the Honourable Thomas Douglas, fifth Earl of Selkirk, who studied law at

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Edinburgh University from 1786 to 1790, later founded colonies on Prince Edward Island, at Baldoon near Lake St. Clair, and in the Red River Valley where the city of Winnipeg now stands. How many others from Scotland played key roles in the early development of Canada we can all see from other items on exhibit here this afternoon:

- Sir Alexander Mackenzie, the great explorer who became the first white man to cross North America from coast to coast;
- that other great explorer of Scottish descent, Simon Fraser;
- that rebellious political reformer, William Lyon Mackenzie, whose later legacy was the longest -- serving Prime Minister so far in Canada's history, his grandson, William Lyon Mackenzie King;
- Sir Alexander Tilloch Galt, another father of Canadian Confederation;
- and, not the least of those commemorated in this exhibition, George Brown, the son of an Edinburgh merchant, who also contributed to the emergency of contemporary Canada.

It was a graduate of Glasgow and Edinburgh Universities, the Reverend Thomas Liddell, who helped to establish what is today one of Canada's most distinguished universities, Queen's at Kingston, Ontario. The role of other Scots in the development of other major Canadian universities is also noted in this exhibition, as are the contributions of many others, in many other areas of Canadian history.

I can only conclude by saying how much I appreciate the opportunity of being able to open this exhibition. I commend it to you, both for enjoyment and for enlightenment on the enduring contribution made to Canadian civilization by this nation of "wanderers by profession" who found their way from Scotland to Canada's shores.

(c) *Remarks at the opening of a Canadian exhibition on the law of the sea in the Chaplaincy Centre of Edinburgh University:*

It was on the north coast of Cape Breton Island that Sebastiano Caboto first landed, in 1497; and my constituents would never forgive me for failing to mention this historical fact, the accuracy of which is attested by the Cape Breton Historical Society, as I open in Edinburgh this Canadian Exhibition on the law of the sea.

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Caboto -- or Cabot, as the British called him, -- is credited, of course, with the first historically-recorded landing in Canada; but, in the late fifteenth and early sixteenth centuries, the waters off our coasts were literally swarming with foreign navigators -- almost as much as they are today with foreign fishing fleets, at the expense of Canadian fishermen!

Archaeologists, of course, have found evidence of Viking and Armoric-  
can landings on the eastern coast of North America; and no one will ever convince me that fearless Scots from Lewis or Skye or Mull did not also make the perilous transatlantic voyage -- and regularly! Nevertheless, chroniclers list, after the Italian's first crossing, those of the Portuguese Cortereal in 1500, of the English Warde in 1502, of the Scottish Elliott in 1503 -- a distant ancestor, perhaps, of Prime Minister Pierre Elliott Trudeau -- and of the French Denys in 1506.

These navigators were drawn to the fog-bound, uncharted and icy stretches of the Northwest Atlantic by the riches of the New World; and, of those riches, only one had then been proved -- the fisheries. After all, it was Cabot's father, Giovanni, who gave Newfoundland its first name -- and it was not "Terra Nova" but "Terra de Bacalão" -- "the land of the Cod"?

In retrospect, this great international adventure seems like an anticipation of contemporary Canada, of what we call the Canadian Mosaic, of people from many lands, brought together within a common political framework by the challenge of building a new society but intent upon preserving their many cultural and ethnic filiations. Look at Cabot: an Italian, hired by an English King, setting foot on an island first settled by the French and peopled later by Scots. The same nations -- and many others -- who sired the great navigators were later to provide Canada with what remains today its scarcest resource: people.

I hardly need say more to establish the ancientness of Canada's maritime orientation, which has led the Canadian Government to play a leading role in current attempts, sponsored by the United Nations, to reform, revamp and modernize the law of the sea. I hardly need explain why a Canadian foreign minister from Nova Scotia would take a most active interest in the sessions of Caracas, Geneva and the third one scheduled to take place next March in New York.

But Canadian interests in the law of the sea are far more than historical. The exhibits before us show that Canada's coastline stretches for some 150,000 miles -- almost 24 times the length of Scotland's, itself one of the longest and most ragged in Europe.

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We face, in our Arctic regions, environmental problems unique in the world; we contend that Canada must be given management of the fisheries within and beyond the so-called economic zone; we share with a few other nations -- among which is Scotland -- special responsibilities for the preservation of the salmon that spawn in such rivers as the Tweed, the Fraser and the Matapédia; and I should not even remind Scots, benefiting as they are from the North Sea oil-boom, of the need for an international legal régime that facilitates, rather than hinders, the exploitation of the oceans' mineral resources.

The economic stakes for both Britain and Canada in a thorough reform of the law of the sea are, therefore, considerable; and this is why our two governments have worked in close co-operation at Caracas and Geneva and will continue to do so in New York. Of course, we all have our national interests (I just mentioned some of Canada's), but I am well aware of Britain's own imperatives -- the traditional sea-lanes of the world. To a certain extent, every country's case is a special case: the landlocked, the islands, those with and without a continental margin. Somehow, all of these special cases have to be accommodated in the new international agreement for which we strive; and this can only be done if the Law of the Sea Conference proceeds by consensus. Such a process is inevitably slow; but unquestionable progress is embodied in the single negotiating text issued at the end of the Geneva Conference.

Nevertheless, as I pointed out to the General Assembly of the United Nations last month, the search for consensus, past a certain point in time, becomes procrastination; and, after a further point in time, procrastination becomes failure. I reiterate, however, that only if the multilateral approach fails to produce an international agreement will the Canadian Government resort to other solutions to protect its fundamental national interests. I hasten to add, however, that I have been much encouraged by the ability of the members of the United Nations -- developing as well as developed -- to adopt by consensus the historical resolution on international economic relations that concluded the seventh special session of the General Assembly. I was also heartened by the co-operative spirit manifested recently by our fishing partners, both in bilateral consultations and at the special meeting in Montreal of the International Commission on Northwest Atlantic Fisheries (ICNAF), where agreement was finally reached on curtailment and more effective control of fishing efforts off our coasts.

All this augurs well for the next -- and, one hopes, the final -- session in New York. And on this more hopeful note I am pleased to declare open this Canadian Exhibition on the Law of the Sea.





# Statements and Speeches

No. 75/34

## NUCLEAR CONTROL -- OR NUCLEAR DISASTER

Statement in the First Committee of the Thirtieth Session of the United Nations General Assembly by Mr. W.H. Barton, Ambassador and Permanent Representative of Canada to the Office of the United Nations at Geneva and to the Conference of the Committee on Disarmament, New York, November 4, 1975.

This is the thirtieth anniversary of the beginning of the nuclear age and the half-way point in the "Decade of Disarmament", but we must admit that we have made conspicuously little progress in achieving even a minimal advance towards arms limitation, let alone disarmament.

If the great powers persist in the belief that the path to security is to accumulate an ever-greater capacity for "overkill", then sooner or later disaster will result. The consequences of nuclear war will not respect national boundaries. It seems incredible that we should be expected to face the reality that, for the foreseeable future, the nuclear powers should have the capability to wage a conflict that could obliterate us all. Moreover, we continue to face the danger that nuclear weapons may spread to additional states. Despite the efforts of literally thousands of dedicated people for more than a quarter-century to negotiate practical measures of arms limitation and disarmament, the results can at best be described only as peripheral.

Fifteen years ago the United States and the Soviet Union presented us with a joint statement of accepted principles on the goal of disarmament negotiations. The first of these principles was to ensure that disarmament was general and complete and that war was no longer an instrument for settling international problems. The conduct of the negotiations was entrusted to the Eighteen-Nation Disarmament Committee. In the intervening years, the Committee's membership has grown from 18 to 25 and now to 31, and it has changed its name. But it has seemingly given up in despair on general and complete disarmament, and in recent years has occupied itself with a series of so-called "collateral" measures. Without gainsaying the value of such measures, experience has shown that, even there, little can be accomplished if proposals cut across the freedom of action of the major military powers to do what they wish in areas they deem to be of military significance.

Over and over again, this Assembly has called for action to limit

the arms race, especially in nuclear arms. For many years it has stressed the need, as a step towards nuclear disarmament, for the complete cessation of all nuclear-weapon testing. The Assembly will again, at this session, renew its call for a comprehensive test ban. This must not be done merely as a matter of routine but with the genuine conviction that a halt to nuclear-weapon testing is one of the most important measures that can be taken to curb the nuclear-arms race and to avert the danger of nuclear proliferation. The nuclear-weapon states must redouble their efforts to overcome the political and technical problems that have for so long stood in the way of achieving such a ban.

To be effective, a comprehensive test-ban treaty must provide adequate means for the nuclear-weapon states to assure each other and the world community that they are fully complying with its provisions. It must ensure that any testing or application of nuclear explosions for peaceful purposes does not contribute to the refinement of existing nuclear-weapon arsenals or to the acquisition of nuclear-explosive capability by additional states. Agreement by some testing powers to stop their tests should not have to await the participation of all nuclear-weapon states. We believe that the two super-powers and as many other nuclear-weapon states as possible should enter into an interim agreement, open to all states and containing appropriate provisions to ensure its effectiveness. Parties to such an agreement would halt their nuclear-weapon tests, at least for a specified time. At the end of that time, the agreement could be reviewed to determine whether it should be continued or could be replaced by an agreement involving all nuclear-weapon states.

We also look to the super-powers for an early conclusion of their current strategic arms limitation negotiations. The SALT talks are of major importance in helping to further a climate of strategic stability and *détente*. However, the SALT agreements and negotiations, valuable as they have been, have not yet achieved steps of actual nuclear disarmament. Nor have they halted the momentum of the nuclear-arms race.

We are conscious of the difficulty of achieving even gradual measures of nuclear disarmament, but the need for more rapid progress is pressing. Therefore, we again urge the United States and the Soviet Union to conclude their present negotiations and to proceed, as quickly as possible, to achieve concrete steps toward reductions of nuclear weapons.

Although the great powers have not yet curbed their nuclear arsenals, most of the other nations of the world have resolutely foresworn the acquisition of nuclear weapons. They recognize that, for them, any

idea that the possession of nuclear weapons would convey real power and influence, or contribute to the attainment of their national goals, is illusory.

We live in an age that accepts the sovereign power of nations as a primary political principle. It is, therefore, remarkable -- indeed inspiring -- that more than 90 non-nuclear-weapon states have had the courage to join together in adhering to the Treaty on the Non-Proliferation of Nuclear Weapons as an act of mutual reassurance that they will not develop or acquire nuclear weapons. I submit that, in so doing, they have not derogated from their sovereignty; rather, they have strengthened it by refusing to allow outmoded concepts to stand in the way of common sense. This has been the most significant contribution to the goal of disarmament in the past 30 years.

In May of this year, the states parties to the non-proliferation treaty carried out a month-long review of its provisions and their implementation. It was not an easy conference. The non-nuclear-weapon states expressed clearly their frustration and impatience that the performance of the nuclear powers toward fulfilling their obligations under the treaty had been so disappointing. The response of the nuclear-weapon states was not encouraging.

However, we are gratified that the Review Conference reaffirmed the vital role of the treaty as the basic instrument of the non-proliferation system and as the most appropriate framework for international co-operation in the peaceful uses of nuclear energy. The conference made us acutely aware, however, that, if the treaty is to continue to play this role, all parties, both nuclear-weapon states and non-nuclear-weapon states, must fully meet their obligations under it.

The number of countries that have ratified the non-proliferation treaty has increased significantly in the past year, but unfortunately some 40 non-nuclear-weapon states have not yet adhered to it. The barrier against the further spread of nuclear weapons is incomplete. The nuclear programs of the advanced countries in this group will continue to be a cause of concern to their neighbours and contribute to international tensions, especially if they embark on the development of nuclear-explosive devices, no matter how peaceful their professed intent.

I have asserted that adherence to the non-proliferation treaty by non-nuclear-weapon states is not a derogation from their sovereignty but an act of enlightened self-interest. It was with this conviction that Canada and other non-nuclear-weapon states parties to the treaty undertook, in accordance with Article V of the treaty, not

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to acquire nuclear-explosive capacity or devices even for peaceful purposes, while reserving their right to obtain whatever benefits there may be in the peaceful application of nuclear explosives from nuclear-weapon states parties to the treaty, under appropriate international observation and procedures, through an appropriate international body and pursuant to a special international agreement or agreements. The Non-Proliferation Treaty Review Conference strongly reaffirmed the provisions of Article V. It concluded that the IAEA (International Atomic Energy Agency) was the appropriate international body through which potential benefits of peaceful applications of nuclear explosions could be made available to non-nuclear-weapon states. It called on the IAEA to broaden its consideration of this question to include, within its area of competence, all aspects and implications of nuclear explosions for peaceful purposes and to begin consideration of the structure and content of the special international agreement or agreements contemplated in Article V. It attached considerable importance to consideration by the CCD (Conference of the Committee on Disarmament) of the arms-control implications of nuclear explosions for peaceful purposes. Canada fully supports these conclusions.

The scope for the peaceful uses of nuclear energy poses another crucial question, a question of particular importance to all states in a position to make nuclear materials and technology available to others. The promise foreseen 30 years ago that nuclear energy could be an important tool for the economic and social benefit of mankind is well on the way to fulfilment. But do we have the wisdom to recognize and take action to ensure that the diffusion of nuclear technology, equipment and materials throughout the world for peaceful purposes can be achieved without compounding the danger of nuclear-weapons proliferation and of nuclear war?

Canada's response to this question was given recently by Prime Minister Trudeau. He saw it in terms of obligations. As an economically-advanced country, Canada wishes to do all it can to help the less-developed countries of the world gain a handhold on the technological age. But, at the same time, the Canadian Government has an obligation to ensure that nuclear materials, equipment or technology from Canadian sources are not diverted to the manufacture of nuclear-explosive devices. That is why Canada strongly supports the application of effective safeguards through the International Atomic Energy Agency. Canada firmly believes that efforts by both exporters and importers of nuclear materials, equipment and technology to achieve more effective safeguards on international nuclear co-operation and commerce will greatly facilitate the worldwide development of the peaceful uses of nuclear energy.



As our agenda indicates, there is increasing interest in the potential role of nuclear-weapon-free zones as a means to prevent nuclear proliferation. Last year this Assembly requested the CCD to undertake a comprehensive study of the question of nuclear-weapon-free zones in all its aspects and to report to this session. The report of the Ad Hoc Group of Qualified Governmental Experts is now before us, and I should like to register here, as I did in the CCD, our appreciation to the experts for their thorough examination of a complex subject.

The report did identify a number of basic principles with which all experts agreed, but, clearly, many unresolved issues and differing opinions still remain. This, in our opinion, underlines the need to deal with each nuclear-weapon-free zone proposal on its own merits.

As many governments may not have had opportunity to consider the report thoroughly, I shall not comment on its specific contents in any detail at this time, except to note that Canada is disappointed that the experts were not able to agree unanimously that an essential principle of any nuclear-weapon-free zone should be an effective prohibition of the development, acquisition or possession, for whatever purpose, of any nuclear-explosive device by countries of such a zone.

We have before us several proposals for the creation of specific nuclear-weapon-free zones. Canada is strongly sympathetic in principle to the desire of their proponents to explore the possibility of establishing such zones. But in the final analysis our position on each nuclear-weapon-free-zone arrangement will be determined on a case-by-case basis and will substantially depend on evidence that each proposal emanates from and has the endorsement of most of the countries of the area concerned, including its principal military powers, applies to a defined geographic region, prohibits the development or acquisition of nuclear explosive devices by countries of the zone, does not give military advantage to any state or group of states and contains adequate treaty assurances and means to verify that all countries abide by the commitments involved.

This Assembly has repeatedly requested the CCD to negotiate a convention to prohibit the development, production and stockpiling of all chemical weapons. Despite the efforts of several countries in presenting working papers on this subject to the CCD, there has been no real progress in these discussions. We had hoped that the commitment of the U.S.S.R. and the U.S.A. in 1974 to launch a joint initiative on this subject would have produced tangible results by this time. We urge the Assembly to renew its request for negotiations within the CCD and to re-emphasize the priority that member

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states assign to the conclusion of a convention prohibiting the use of chemical weapons.

A useful aspect of the CCD's work during 1975 was its preliminary discussion with experts of the possibility of prohibiting action to modify the environment for military or other hostile purposes. Canada welcomes the efforts of the U.S.A. and the U.S.S.R. in this field and believes that the CCD should continue its discussions with a view to negotiating a convention.

We have been asked this year to explore another new subject -- the possibility of negotiating an agreement to prohibit the development and manufacture of new types of weapons of mass destruction and of new systems of such weapons. Certainly, we hope that it will be possible for the international community to avoid the development and manufacture of new kinds of weapons of mass destruction and to achieve effective agreements to that end. However, we find it difficult to foresee what steps or agreements would be most appropriate and how compliance with such agreements could be adequately verified until we have a clear idea of the specific kinds of weapon or weapon system this proposal envisages. Moreover, we must not forget that nuclear-weapon states already have weapons of horrifying destructiveness and that efforts to limit and reduce these existing weapons should have first priority.

While recognizing the overriding danger of nuclear weapons to the entire international community and seeking to avoid the development of other weapons of mass destruction, we must not lose sight of the tragic consequences of the use of conventional weapons over the past 30 years. As the Secretary-General noted in the introduction to his 1975 report on the work of the United Nations, global expenditures on armaments are approaching \$300 billion a year. An overwhelming portion of this amount is being spent for conventional weapons. Weaponry in increasing quantity and sophistication is being acquired by both developed and developing countries.

There have been repeated expressions of concern in this Assembly about ever-larger military expenditures. Last year the Assembly received an experts' report on the reduction of military budgets. The report is a useful examination of the technical and conceptual problems involved in the measurement of military expenditures, but is only a preliminary examination of a complex subject. We are interested in a suggestion made in the CCD that a comprehensive experts' examination of the "definitional" and conceptual aspects of this subject might be undertaken under CCD auspices.

While further study is given to the feasibility of the budgetary

approach to armement reductions, states should continue to pursue the more traditional approach to arms control of seeking to limit and reduce military force levels. That approach also poses complex problems, but it is important that, wherever political circumstances are favourable, regional efforts be pursued to lower, or at least constrain, levels of military confrontation. We hope that the recent conclusion of the Conference on Security and Co-operation in Europe will result not only in strengthening *détente* in Europe but also in substantial progress in the negotiations in Vienna toward force reductions in Central Europe. We hope the possibility of lowering military force levels can be pursued in other parts of the world to promote regional stability and mutual security.

During the past few years, examination has begun in the context of humanitarian law in armed conflict of the possibility of restricting or prohibiting the use of certain conventional weapons that may cause unnecessary suffering or have indiscriminate effects. Canada is participating actively in the experts and diplomatic conferences dealing with this subject.

I have stressed the growing impatience and frustration felt by most countries -- and by Canada no less than any other country -- that international efforts to achieve arms control and disarmament measures have produced such meagre results. I have pointed to the special responsibility of the nuclear and other major military powers in promoting arms limitations and reductions. However, we must not throw up our hands in despair, no matter how acute our frustration and impatience may be. We have to recognize that arms limitation is a highly complex endeavour. Arms-control and disarmament measures cannot be effective unless they take full account of the security concerns of the states they affect, of related political conditions, of the complexities of steadily-advancing military technology and of the need for states to be adequately assured that the agreements they enter into will be fully implemented by all parties. But these are not reasons for inactivity. They do not excuse governments from showing greater determination in seeking to reduce the levels of their military forces and armaments. We must not accept the continuous growth and spread of armaments as inevitable. We must, in this Assembly, in all other disarmament forums in which we participate and in our collective and individual actions, reaffirm our commitment to the disarmament goal.







# Statements and Speeches

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No. 75/35

## CANADA ADOPTS A NEW DEVELOPMENT-ASSISTANCE STRATEGY

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, on November 6, 1975, to the House of Commons Standing Committee on External Affairs and National Defence.

...I welcome the formation of this subcommittee, and for two reasons. In the first place, Canada, like other wealthy nations, finds itself at a crucial point in its relations with the developing countries. After 25 years of what used to be called "foreign aid", we are facing a whole new set of circumstances, calling for new solutions to new problems. The various options open to us all have far-reaching consequences, not only for our foreign policy but for our national life as well.

The second reason why I welcome the formation of this subcommittee is the broad mandate given it in the reference by Parliament, the reference of June 17. Not only is the Committee empowered to report upon the full range of international development policies but it is asked to do so with particular reference to the economic relations between developed and developing countries. Parliament has thus shown itself aware of the fact that international development co-operation encompasses an area beyond aid transfers and involves our entire relationship with developing nations. I shall come back to this point in more detail later. In this initial meeting of the subcommittee, I want to assure you of the full co-operation of the Department of External Affairs and of CIDA in the work of the Committee.

I wish today to speak about our development-assistance program, about broader questions involved in our economic relations with developing countries and about the role of the subcommittee. The broad mandate given to this subcommittee is entirely appropriate, as it reflects the growing sophistication and widening influence of Canada's international development co-operation from its modest beginnings 25 years ago.

You will recall that the Canadian aid program began more or less as a family affair. After India, Pakistan and Ceylon shed their colonial status in the late 1940s, an awareness soon emerged that political autonomy would be difficult to sustain without rapid and intensive economic and social development. In order to support that development, Canada joined Britain, Australia, New Zealand

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and the three newly-independent Asian countries in establishing the Colombo Plan. For eight years the Colombo Plan was Canada's only country-to-country aid program and, when other members of the Commonwealth also gained their independence, Canada extended its support to them by mounting the Commonwealth Caribbean Assistance Plan in 1958 and the Commonwealth Africa Assistance Plan in 1960.

A year later the *francophone* aspect of our heritage and our bilingual character found expression in the launching of an assistance program for *francophone* African countries. This assistance was greatly amplified by a number of development projects identified in 1968 by the Chevrier Mission.

Meanwhile, Canada had turned its attention to Latin America by establishing a special Canadian fund in the Inter-American Development Bank in 1964, and in 1970 this program was augmented by one of direct bilateral assistance to Latin American countries.

In 1960, the Government of the day took note of the fact that aid programs were an integral part of Canada's foreign policy and were molded by the nature of the relations between Canada and the recipient countries. The administration and operation of these programs were brought together under the supervision and control of the Secretary of State for External Affairs, and the External Aid Office was established.

The same decision established a senior interdepartmental committee now known as the Canadian International Development Board. We are now studying ways to enable the Board to play a more constructive role in co-ordinating the policies of the various departments involved in our development-assistance program.

The growing complexity of the problems of developing countries made necessary a full review of our development-assistance programs, a review that led to the publication on September 2 of *The Strategy for International Development Co-operation 1975-1980*. Our strategy is not so much an agonizing reappraisal of international development policy as an expression of a number of conceptions and practices that have evolved from our 25 years of experience in development co-operation. World events have made more critical this re-evaluation of the purpose and nature of our relations with the developing countries. Already in 1970 the foreign policy review suggested that the notions of aid applied during the 1960s were not adequate for the coming decade. The strategy for 1975-1980 is not a rigid formula for development co-operation; it is designed to be responsive to the flow of events while maintaining the continuity so essential to effective long-term economic and social

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development programs.

I do not want to go over all the 21 points in the strategy, but I should like to refer to some of the most significant aspects. Canada's assistance will be concentrated in a limited number of developing countries to ensure maximum effectiveness and impact. The Canadian program will concentrate on the poorest countries, those most seriously affected by economic dislocation, and on the poorest groups within those countries. At least 80 per cent of our bilateral assistance will be aimed at these countries. Canadian development efforts will focus increasingly upon major world problems such as agriculture and rural development, basic education and training, public health and population, shelter and energy.

Canada wishes to help those nations that show a real willingness to help themselves. True co-operation provides nations with the option of choosing a method of development most appropriate to their own political, economic and social requirements. We wish to see, however, forms of development in which the poorest and weakest members of society -- the rural poor, the landless tenant farmers, the urban untrained and unemployed -- share from the beginning in the benefits of growth. The program will be flexible, with forms of assistance available that are tailored to the needs of some middle-income developing countries.

We restate our determination to reach the official United Nations target of 0.7 per cent of our gross national product in official development assistance through annual increases in assistance as a percentage of gross national product. We recognize that this pledge will be a severe test of our national commitment to development co-operation.

The strategy-review document will provide a focus for the Committee, if it so wishes, to examine Canada's development policy. It is the first time, I believe, that we have pulled together the guiding principles of our development program, and certainly I should welcome any comments the Committee might have on the principles that we have outlined, whether we are going in the right direction, and whether there are other principles that ought to be added or that ought to be removed.

I should like now to turn to broader questions involved in Canada's economic relations with developing countries. As members of the sub-committee, you have all shown a keen interest in the report of the Commonwealth Expert Group on a new international economic order and in the seventh special session of the United Nations General Assembly, which was held two months ago. Several of you attended the

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seventh special session, and I wish to place on record my appreciation of your important contribution to the work of our delegation.

I wish to review for you briefly my personal reaction to these exercises in which we have been involved in the past few months. The first point in my view is that significant progress has been made. The report of the Commonwealth Expert Group was a positive contribution to international dialogue and understanding, and gives us an important guide towards practical action to lessen disparities in living standards between rich and poor around the world.

At the Commonwealth finance ministers' meeting in August, ministers gave their general endorsement to this report. The Commonwealth Expert Group will meet again next year to pursue its task in new areas, such as the problems of developing countries, which must import most of their required raw materials. I believe it is worth while mentioning that the report of the Commonwealth Expert Group was the first, in a sense, "consensus" document that had been produced by representatives of developing countries and by representatives of developed countries. It was the first consensus document; and the endorsement of the document by the ministers of finance was also a new departure.

It was subsequently tabled and put into the flow of material at the United Nations seventh special session. While it did not have the prominence in the debate that the main document, which was produced by the non-aligned, had, it still, in my view, was a significant development. The document of the non-aligned was the focus of debate and it was, of course, supplemented by the statement of the United States, which subsequently put into play its own proposals, and the Commonwealth document was there as well.

I believe those of us who were present at the seventh special session...would have observed a greatly improved atmosphere for debate and negotiations at the United Nations. There were flexibility, foresight and goodwill on all sides of the table and the approach which emerged from that session is one which we welcome and support. There was a much greater meeting of minds at the seventh special session, and this resulted in a consensus approach in dealing with the difficulties and needs of developing countries.

I believe the view would probably be shared by other members of the Committee who were in New York that the statement of the United States played a crucial role in this changed atmosphere. Certainly, in the absence of an American initiative of that importance, probably the session would not have resulted in the adoption of a consensus

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resolution. Canada's efforts in this area over the past few months have been aimed at putting forward constructive positions reflecting Canada's interests in the long and short run. They have also been aimed at building bridges between developed and developing countries. Our delegation at the United Nations at the seventh special session was able to participate in that bridge-building role. Certainly, our role was a positive role, helpful in the circumstances, I believe. In my own statement at the seventh special session, I said that we were determined to play a positive role, using our resources and influence to bring about constructive change in the international economic system, thereby reducing the gap between rich and poor nations.

I reiterate that statement today. I attended the now resumed General Assembly that followed the special session and I met with the delegation at the General Assembly. I certainly expressed the clear view to the delegation that the document that had been adopted at the seventh special session was not to be regarded as a tactical move on the part of Canada, or as a response to a purely tactical situation; it was a document that we regarded as our document; we had supported it, and we ought to work positively in the General Assembly to have it move forward in the deliberations of the Second Committee....

I believe that, at the United Nations and in these other forums, we have made progress on commodities, trade liberalization, the transfer of resources, industrial co-operation, food and agriculture. We must ensure that the evolution of the international economic system continues in the right direction. We must take advantage of the improved international atmosphere. I believe a lack of will on the part of developed or developing countries in the field of international economic co-operation would result in our losing the gains made at the seventh special session.

The next steps in the process are the Conference on International Economic Co-operation in Paris, or the so-called producer-consumer conference, ongoing discussions in commodity councils leading up to UNCTAD IV in Nairobi, the continuing multilateral trade negotiations under GATT and the discussions of international financial and monetary issues at the IMF. In each of these forums, we shall be putting forward positions that reflect Canada's economic interests and our desire to strengthen the co-operation with developing countries.

The Conference on International Economic Co-operation will hold a ministerial session in December. I hope to attend that session, which I think will be a very crucial event in the evolution of international economic co-operation. Certainly, the atmosphere that

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prevailed at the seventh special session will have a favourable effect on the atmosphere at the Conference on International Economic Co-operation. We have, obviously, a vital interest ourselves to pursue at this conference. There will be four commissions, two of which are of primary concern to Canada -- the Commission on Raw Materials and the Commission on Energy -- and it probably will see these commissions, for a period of a year, discussing the whole question of raw materials, which is a big item in the context of the new international economic order, with probably, at the end of the year, some report to ministers.

That is really the next incident in this unfolding scene. We are now preparing for that meeting. We have not yet completed our preparations and we have not sought final approval of our positions from the Cabinet.

I want now to turn to some other general comments. Just as the Canadian International Development Board, under the chairmanship of Mr. Gérin-Lajoie, advises me on development-assistance matters, the Interdepartmental Committee on Economic Relations with Developing Countries, under the chairmanship of Mr. Robinson, advises me on the broader multidimensional issues that we are continuing to deal with. I wish to stress the interdepartmental nature of the Government's consideration of these issues. Thus, through our aid program and through other measures of co-operation with developing countries, we are seeking ways of lessening disparities between developed and developing countries.

In my view, bringing rich and poor closer together and finding ways to lessen these great disparities is one of the fundamental tasks in the field of international relations today. It is crucial for global stability and for the future of human civilization. I believe Canada has the ability to maintain and increase its efforts to confront these problems despite the sacrifices that will be required in our domestic fight against inflation.

Aid programs are easy targets in time of economic stress. Support for our programs must be founded on a broad understanding by Canadians of the critical problems facing the community of nations and of the disastrous results that would follow any reduction of effort by industrialized nations because of economic problems at home. The importance of broadly-based national support for our programs and policies aimed at assisting developing countries cannot be over-emphasized.

I understand that members of the subcommittee will be making an effort to ensure that Canadians are made more aware of the issues

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involved in our relations with developing countries. Discussion in this subcommittee and efforts by each of you to air these questions with the Canadian people will make a valuable contribution to improving understanding of the issues.

The Canadian people should be made aware of the costs and benefits, in economic and political terms, of action that may be taken by Canada in favour of developing countries through the budget for our International Development Program, through improved access to the Canadian market for developing-country exports, and through agreements to stabilize international trade and commodities. There may be domestic economic costs, but in the longer term the cost of doing too little could be much greater.

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# Statements and Speeches

No. 75/36

## THE INTERNATIONAL ATOMIC ENERGY AGENCY

A Statement in the Plenary Meeting of the Thirtieth Session of the United Nations General Assembly by Mr. W.H. Barton, Ambassador and Permanent Representative of Canada to the Office of the United Nations at Geneva and to the Conference of the Committee on Disarmament, on November 12, 1975.

I should like to preface my remarks on the IAEA by welcoming the three new members of the Agency, the Republic of Tanzania, the United Arab Emirates and Qatar -- not only because of this further implementation of the principle of universality but because of the contribution we hope and expect will be made by these three countries to the work of the Agency.

The Agency has, since its creation, served to "enlarge the contribution of atomic energy to peace, health and prosperity throughout the world", primarily through its promotion of nuclear-energy programs, including assistance, training and information exchange, and through the development of constructive and dynamic safety and environmental-protection programs. It has, moreover, acted to enhance international security through the development of adequate standards for the physical security of nuclear material.

The acceleration of the demand for, and interest in, nuclear power as an alternative source of energy, brought about largely by the greatly-increased costs of oil and petroleum, has added a new dimension to the Agency's nuclear-power expansion programs and a new urgency to the Agency's safeguards work. Canada recognizes the need for the growth of nuclear power, particularly in the developing countries. At the same time, we are deeply concerned that this expansion be controlled, consistent with the obligation of the Agency to "ensure, so far as it is able, that assistance provided by it, or at its request or under its supervision or control, is not used in such a way as to further any military purpose".

I am pleased to note again this year that such a large proportion of the Agency's regular budget was dedicated to programs of direct interest to developing member states, and in particular to note the increased emphasis that the developing countries members of the Agency have placed on the introduction of nuclear power into their energy programs. It is becoming increasingly clear that, in a number of countries, nuclear energy provides a major alternative to hydrocarbons which are in short, unreliable and expensive supply. A sound

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nuclear program, carefully planned, adequately staffed and efficiently operated, could now bring within reach of many countries the possibility of longer-term energy security and, with advances in resource development and reactor technology, an increased degree of energy independence.

The Agency, through its various programs, has a vital role to play in this expansion of nuclear power. One of its most important activities this year will be its study of the desirability and the technical and economic feasibility of regional fuel-cycle centres, a move Canada endorses wholeheartedly. Urgent study is needed of such possibilities in order to make the most effective use of scarce resources. The joint efforts of groups of countries to co-operate to this end could be a breakthrough in the wider introduction of nuclear power for development. Canada shares the views expressed by other countries as to the role which regional fuel-cycle centres might play in lessening the danger of proliferation of nuclear-explosive devices by limiting the number of facilities producing fissile material.

It is equally clear that the Agency is also the organization to which all nuclear-program operators must look for help in the definition of common standards of safety and environmental protection. Canada fully supports the Agency's continuing program to develop safety codes and guides. Canada is an active participant in the Agency's work in the area of radioactive-waste management, reflecting our national policy to store wastes at land-based sites in retrievable form rather than attempting to "dispose" of such materials, while recognizing at the same time that such solutions may not be possible for all countries.

One of the most controversial and fundamental issues facing the Agency concerns the environmental implications of nuclear power. In keeping with the high standards of scientific objectivity and responsibility to the international community that we have always been able to take for granted in the case of the Agency, it should continue to do its best to ensure that a comparative examination of the environmental impact of the various alternative energy sources is pursued on the highest scientific plane possible. We welcome most heartily the co-operation of the IAEA and the WHO (World Health Organization) in a study aimed at a quantitative evaluation of effects of all available options for energy production. We agree with the Director-General's remarks that it will be more useful if environmental implications of nuclear energy are examined in the context of other available energy options, and welcome his willingness to seize the opportunity for the Agency to play a most useful role towards this end in its co-operation

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with the United Nations Environment Program.

I also wish to take this occasion to commend the Agency for the very useful work it has undertaken with respect to the application of nuclear explosions for peaceful purposes. Canada fully supported the conclusion of the final declaration of the Non-Proliferation Treaty Review Conference, which declared the Agency to be the appropriate international body through which potential benefits from peaceful applications of nuclear explosions should be made available to non-nuclear-weapon states and urged the Agency to expedite work on identifying and examining the important legal issues involved in, and to begin consideration of, the structure and content of the special international agreement or agreements envisaged in Article V of the non-proliferation treaty. We share the view of the review conference that the Agency should broaden its consideration of this question to include, within its area of competence, all aspects and implications of the practical applications of nuclear explosions for peaceful purposes. We welcome the establishment by the Agency of an Advisory Group on Peaceful Nuclear Explosions, and shall follow its work closely.

While Canadian international development-assistance policy continues to be based, as in past years, on a preference for central funding of United Nations activities, we have once again pledged our full assessed share to the Agency's Voluntary Fund for Technical Assistance in 1976. Such an increase from the previous year (in which I am happy to note that we were able to contribute somewhat in excess of our assessed share) is justified, in our minds, by the growing needs of the developing countries for support by the Agency and the unfortunate erosion that inflation has wrought over the past year in the resources available.

In a statement to the NPT Review Conference, Canada's Secretary of State for External Affairs, the Honourable Allan J. MacEachen, noted:

"Canada will continue to play its full part in contributing to the International Atomic Energy Agency's General Fund for Technical Assistance and to the United Nations Development Program, which also finances projects implemented by the Agency."

He went on to say, however:

"It is Canada's intention to provide, within its overall aid criteria and priorities, increased amounts of technical assistance in the nuclear area, bilaterally or through appropriate multilateral channels such as



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the IAEA, to the developing countries party to the NPT."

It must be recognized that the increased interest in nuclear power has created an unprecedented demand on the resources of states such as Canada. In our efforts to allocate these most efficiently, we have taken into account our strong concern to ensure that nuclear power is restricted only to peaceful applications. Thus, we intend to give particular attention to assistance to those countries that have ratified the NPT and thereby fully subscribe to what is today the best, if still an imperfect, instrument for preventing the proliferation of nuclear-explosive devices.

I should conclude these remarks with a brief reference to the Agency's safeguards activities. Canada regards the Agency's safeguards functions as being of critical importance and inseparable from the Agency's other programs. Indeed, effective safeguards are the necessary basis for international co-operation in the transfer of nuclear materials, equipment and technology. Canada finds itself in full sympathy with the Director-General of the Agency when he declared:

"I do not think that we shall have an overall satisfactory safeguards system operating until suppliers of equipment and materials make it a condition for delivery that the entire nuclear activity in the receiving country is placed under IAEA safeguards."

My country is willing to work actively in efforts to achieve this objective of common export requirements, to which the final declaration of the review conference has already called attention.

International co-operation in the nuclear field is indispensable, but it requires an impartial international system of safeguards. Effective guarantees that the atom is safe from man as well as from accident are essential if it is to be an accepted and long-term source of energy and an acceptable, desirable area for international co-operation. Canada looks to the Agency as the international community's main instrument for giving these guarantees.





# Statements and Speeches

No. 75/37

## THE QUESTION OF CYPRUS

A Statement made in the Plenary Meeting of the Thirtieth Session of the United Nations General Assembly by Dr. Saul F. Rae, Ambassador and Permanent Representative of Canada to the United Nations, on November 13, 1975.

More than 15 months have now passed since the disruptive conflict in Cyprus of July 1974. Canada, with most other members of the international community, is deeply concerned about the lack of progress during the ensuing period towards the achievement of a just and lasting settlement of the problems of Cyprus.

Canada's interest in Cyprus has various facets. Before and since the critical days in July 1974, we have consistently stated our support of the principle of the preservation of the sovereignty, independence and territorial integrity of the Republic of Cyprus. This continues to be our position to-day. The fact that Cyprus is a member of the Commonwealth adds to our concern about its political future and the welfare of its people.

We are also concerned about Cyprus because of our role as a major troop contributor to the United Nations Force in Cyprus (UNFICYP), established in March 1964 pursuant to the adoption of Resolution 186 by the Security Council. For more than 11 years, Canadian peacekeepers have worked with those from other countries in an effort to prevent hostilities and to create a situation in which arrangements could be worked out that would enable the two communities to live together in peace and harmony. The fact that, through those 11 years, over 17,000 men of Canada's armed forces have, in succession, served in UNFICYP is a demonstration of the measure of Canada's commitment to the cause of peace on the island.

Canada continues to support the original and current objectives of UNFICYP, and is prepared to give substance to this support through its contribution to the peacekeeping efforts of the United Nations. In doing this, however, we feel we have earned a right to look to the parties immediately concerned for some progress towards a solution that would eventually make possible a conclusion of this particular peacekeeping operation. In this connection, I should like to remind this Assembly of the statement made at this session of the General Assembly by the Secretary of State for External Affairs of Canada, the Honourable Allan J. MacEachen. In his address in the general debate on September 22, he made, *inter alia*, the

following points (and I quote):

"Peace-keeping is one of the few useful instruments that the international community has developed to help promote peaceful solutions to disputes.... But all too often peace-keeping reduces the incentives of the disputants to move beyond the mere cessation of hostilities to a serious search for a political settlement. Consequently, sceptics charge that United Nations peace-keeping does little more than perpetuate an uneasy status quo. If peace-keeping is to be truly effective it must be accompanied by a parallel effort on the political level, especially by the parties most directly concerned, to convert the temporary peace that a peacekeeping force is asked to maintain into something more durable."

One of our principal interests in Cyprus relates to the well-being of the people of the island, and more particularly to the humanitarian problems that resulted from the conflict of July 1974. The contribution that UNFICYP has been able to make on a daily basis to the alleviation of these problems is substantial and we are gratified that, through our participation in UNFICYP, we have been able to contribute to this important work. In addition, Canada has joined many other members of the international community in contributing to the equally-important work in Cyprus of the United Nations High Commissioner for Refugees and the International Committee of the Red Cross. For our part, the Canadian Government, pursuant to the General Assembly's Resolution 3212, has already provided relief assistance in the amount of \$375,000 to the two major international relief organizations operating in Cyprus. Much has already been accomplished in this humanitarian field by UNFICYP, the UNHCR and the ICRC, but much still remains to be done. Their combined efforts are deserving of the collective and continuing financial support of the world community.

Finally, as Canadians, we are concerned about Cyprus because of the disruptive effect that problems there have on the relations between various of our close friends, as well as on the prospects for peace and security in the whole Eastern Mediterranean area. In the demographic mosaic of Canada, we have many citizens of Greek, Turkish and Cypriot origin, all of whom are concerned about developments in the Republic of Cyprus. But I should like to emphasize that their concern is shared by all Canadians of whatever origin and by the Government of Canada as well.

Against this background, it seems only appropriate for Canada to

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join with other members of the United Nations in urging that renewed efforts be made to find a solution to the problems of Cyprus. After 15 months, we remain convinced that progress towards this objective is most likely to be achieved through substantive and meaningful negotiations, conducted in a dedicated and flexible manner, between representatives of the island's two communities. It is from there that the initiative must come, with other interested parties contributing as best they can to the development and maintenance of the necessary momentum. In our view, the circumstances at the present time are as propitious as they are likely to be for successful negotiations -- and we urge that this opportunity be grasped. In this regard, we are particularly appreciative of the personal efforts the Secretary-General of the United Nations, and his personal representatives in the area, have been making to facilitate the negotiating process. We know that the Secretary-General will not be discouraged by the rather unproductive results of the fourth round of negotiations held here in New York in September and will persist in his efforts, on the basis of the co-operation of the parties, to schedule a fifth -- and, one hopes, more fruitful -- meeting in this continuing series of intercommunal discussions.

One year ago, Canada joined the members of the United Nations in unanimously supporting Resolution 3212, which, because of its balance, appeared to provide a reasonable context in which the intercommunal negotiations could proceed. All of us will be required shortly to vote on another General Assembly resolution on Cyprus. In this resolution, it will be necessary to take account of a variety of important considerations but, from the point of view of my delegation, the overriding concern is that whatever resolution should materialize should be couched in terms that will permit it to receive the same broadly-based support as Resolution 3212 received last year.

The delegation of Canada, representing a country that has been a major troop-contributor to UNFICYP, would naturally like to see some reiteration of the thought contained in operative Paragraph 8 of Resolution 3212, which called upon all parties to continue to co-operate fully with the United Nations Peacekeeping Force in Cyprus. In this connection, and with reference to a directly-related matter, I should like to recall once more a very important paragraph from my Minister's statement in the general debate, to which I have referred (and I quote):

"Peacekeeping can only continue...if it has the full support of all member states, including practical support in the form of prompt payment of peacekeeping assessments. Without the necessary financial resources,

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neither the United Nations nor individual force contributors can be expected for long to carry the responsibilities they have been asked to assume."

If we can achieve this year the adoption of another resolution that has support at least as wide as that of last year's 3212, our collective comment on the situation in Cyprus, as expressed through that resolution, can make a positive contribution to the inter-communal negotiations we all hope and expect will be resumed shortly. The problem we face collectively is to find a means, each in his own way, of contributing to the solution of this long-standing problem. Some have a direct and immediate role to play and their responsibility is proportionately greater, but I think we all share this week a common responsibility to ensure that the debate on Cyprus in this, the thirtieth anniversary session of the United Nations, is carried out in the manner most likely to contribute to the objective we are all seeking.





# Statements and Speeches

No. 75/38

## CO-OPERATION WITHIN THE FRENCH-SPEAKING COMMUNITY

A Speech by the Honourable Jean Marchand, Minister of State, to the Fourth General Conference of the Agency for Cultural and Technical Co-operation, Port Louis, Mauritius, November 15, 1975.

This fourth General Conference is unquestionably a turning-point in the life of this unprecedented but very necessary institution that our governments decided to create five years ago, since the Agency for Cultural and Technical Co-operation has already left behind the first stage of infancy; it is no longer a question of baby talk and first steps. It can be said that five years is a very short time in the life of an international institution, but this period has sufficed to demonstrate the vigour the Agency can acquire if it is allowed to develop normally, and has afforded a glimpse of the benefits it will provide for its members if they continue their collective action with determination, in the spirit of co-operation affirmed by the Niamey Convention.

It is true that we can see the difficulties and pitfalls in our path better today. Some problems of orientation and implementation have been identified; and during the discussion or execution of certain projects we have seen a variety of viewpoints among the members. In all this I see only signs of life; the Agency is alive and well, because it is not afraid to come to grips with reality. We should be grateful to the Secretary-General and his colleagues for having withheld nothing, when preparing their recommendations to the Council, that could have slowed the Agency's growth or limited the relevance of its activities. We should also congratulate ourselves because the Council did not try to dodge the differences -- minor ones, I think, but nevertheless requiring expression in order to put them into the proper perspective -- between the situation, and the perception of that situation, of each of the members.

But we, the delegates to the General Conference, the political authority of the Agency, were responsible for overcoming the difficulties and solving the problems raised by the very existence of the institution. We have done so without difficulty -- mainly, in my opinion, because each of us realized what makes the Agency unique and what makes it necessary.

In the first place, the Agency for Cultural and Technical Co-operation does not result from any political subordination or parental relationship between the member states, nor does any geographical

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or economic necessity "compel" them to co-operate with each other. On the contrary, the Agency resulted from the will of its members, who chose freely to establish new forms of multilateral co-operation, to their mutual advantage, based on their common language.

We need only look round the table to see what an excellent forum for meetings and consultation our governments have thus created; of the states represented here, some are members of the Organization of African Unity or the Common Afro-Malagasy Organization, others of the Arab League, still others of the European Community and the Commonwealth. Each organizes its foreign relations as its particular needs require; and thus each perceives the aspirations common to various regional and international groups and so is able to make the other members of the Agency aware of them. Finally, they all meet in other world bodies, such as the United Nations and its affiliated organizations. In this way, the Agency has antennae in all corners of the world but may be said to transcend all the organizations to which its members belong, without seeking to supplant any of them.

Another original feature of the co-operation begun in the last five years within the Agency is that it is oriented towards cultural and technical development. So many specialists, from all countries and in all fields, have in recent years deplored the bricks-and-mortar emphasis in development that I need hardly emphasize the importance of these commonly-neglected forms of international co-operation. A society that, in trying to develop, contents itself with land cultivation and the exploitation of natural resources will necessarily remain an incomplete and dependent society in its relations with the world; it is only by cultivating minds with equal determination and exploiting brains with equal efficiency that a community can reach its full potential and achieve truly autonomous development. We Canadians are in a position to know this, because, until recently, our experience with development was too narrow -- that is, too much oriented towards agriculture, mining, forestry and industry -- so that, in recent decades, we have needed to work at double speed to accelerate our cultural development.

In the third place, the Agency's undertakings in the cultural and technical fields are unprecedented because these activities use the French language as their vehicle. In the end, it is perhaps from this that the historical necessity of the institution launched at Niamey derives. We all know of what treasures this language is the repository, and how efficient it is as a means of communication between peoples, for the French language is deeply rooted in one of the civilizations that have done most to enrich the heritage of mankind.

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For various historical reasons, the French language spread to every continent. It was implanted in the heart of Africa, it took root in North America, in the West Indies and Asia, and in the Indian Ocean. Through the centuries, this dissemination caused the emergence of a cultural universe greatly exceeding the bounds of the European area that remains its rallying-point. In Canada, in the West Indies and in Mauritius, French has been spoken for more than three centuries; in Africa, for one or two centuries. French is spoken in all parts of the globe, but people in other places think differently from people in Europe, because life in each society is subject to differing economic and political conditions and is exposed to a different variety of cultural and technical influences. The great challenge for the Agency is exactly this -- to organize and develop the maximum possibilities of this very rich mosaic.

The reason it seemed appropriate for me to recall these fundamental facts, which many would undoubtedly consider obvious, is that, after this General Conference, the Council must apply a new general policy and change the orientation and practical methods of its programs. So that this undertaking may give the Agency the second wind that it will need from now on, it must be carried out within the limits that defines its field of action. The Canadian delegation has had the opportunity, throughout this conference, of detailing the positions of our governments on the various topics that the Secretariat and the Council have brought to our attention; however, it is useful to recall some motivating ideas that Canada considers very important.

First, the emphasis the members want to put on development, it seems to us, not only responds to present needs -- witness the resolution adopted in the seventh special session of the United Nations General Assembly -- but is, moreover, entirely appropriate to the Agency's purpose. In addition, those who are acquainted with the new international development strategy announced in September of this year by the Honourable Allan J. MacEachen, Secretary of State for External Affairs and Minister responsible for the Canadian International Development Agency, cannot doubt that Canada will immediately support the attempts to orient the Agency's activity more towards rural areas, for that is precisely one of the new directions for Canadian co-operation. However, it is obvious that the Agency's activities should be limited to cultural and technical development, which constitute a very broad field -- the one most often left fallow. Moreover, so that these activities can be effective, we think it necessary that they be carefully conceived and planned, that they be in proportion to the resources available to the Agency and that they be adapted to the methods within its capabilities. Furthermore, if we wish to conform to the specific purpose of this institution, we



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should make sure that the Agency's programs, while meeting the expectations of the majority of its members, maintain a certain equilibrium between technical development and cultural development.

In this regard, the organization of real exchanges appears essential. As my colleague, the Honourable Allan J. MacEachen, declared when announcing the Cabinet's adoption of a five-year plan for cultural exchanges, "the multiplication of contacts among artists of all countries, and between them and audiences of countries other than their own, will contribute greatly to bringing different cultures and peoples together and will, in the end, encourage the production of works that satisfy the aspirations of our era".

Given the linguistic, ethnic and cultural structure of its population, and its own historical experience, Canada must support the Agency's efforts to promote the national languages and cultures of those member countries that have chosen this path toward socio-cultural development. Our country takes its place among them; in fact, the federal authorities in Canada have for several years been applying a policy called "multiculturalism". A number of community development and subsidy programs, many still in the experimental stage, are designed to maintain and encourage a great variety of ethno-cultural traditions within minority groups: first the truly indigenous Canadian traditions, those of the Amerindian and Eskimo populations, and then the traditions of recent immigrants -- that is, the traditions carried by the successive waves of immigrants that have swelled the Canadian population over the last century.

In all, Canada's ambition with respect to culture is to become what it already is in geography, "another America". We all know what vigour and vitality the United States of America has gained from blending in a single crucible -- the famous "melting-pot" -- the great variety of cultural material that came to them from all continents, but especially from Europe and Africa. Canada intends to achieve the same vigour and vitality, not by repeating the American experience but rather by creating the "Canadian Mosaic". In other words, Canadians are not trying to melt down the variety of cultural heritages they have received into a single alloy but rather to keep the characteristics of each while putting them side by side in the grand design of multiculturalism.

The Canadian Government, however, retains the conviction that, in order to realize this great plan, programs to stimulate multiculturalism must not weaken the two major cultural affiliations (the British and the French) that have made Canada what it is today, and must not weaken the foundations of the country's two official languages, English and French. On the contrary, our general policy

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in this area is intended to demonstrate that it is possible to put two official languages on an equal footing and keep them there, while also maintaining a variety of ethno-cultural traditions. Many signs are already appearing that this general policy will, in the long run, encourage the cultural minorities of Canada to study the two official languages, especially French, more willingly, and to use them with more confidence, since doing so will no longer be seen as a menace to their cultural identity.

These preliminary statements are not without relevance to the experience of a number of African countries over the last few years -- namely, that the propagation within their borders of common languages of European origin, especially French, has accelerated since they gained independence, even when the authorities have deliberately tried to promote national languages and culture. We do not see any *a priori* contradiction between the increasingly-general use of French as an international language, an official language, a common language or a working language -- according to the situation in each country -- and this other new orientation that the General Conference of the Agency for Cultural and Technical Co-operation has decided to apply to its programs. The federal authorities of Canada will, accordingly, provide the Agency with the results of the research studies and experiments that have been done in the Canadian context, if this seems useful.

In conclusion, I can only express my satisfaction with the positive results of this fourth General Conference of the Agency for Cultural and Technical Co-operation. We have every reason to expect a renewal of its activities, especially in the development field, a reaffirmation of its cultural role and an accentuation of its technical role. Finally, I thank the Government of Mauritius for the hospitality and warm welcome it has provided to the delegates from Canada and from the other member states.





# Statements and Speeches

No. 75/39

## DECOLONIZATION

Statement in the Plenary Meeting of the Thirtieth Session of the United Nations General Assembly, New York, by Mr. Marc Baudouin, Ambassador and Representative of Canada, November 26, 1975.

The renewed impetus given to the process of decolonization in Africa, in April 1974, by the new policies of the Government of Portugal has continued to be felt throughout the present year. The United Nations has welcomed to its membership at the present session three former Portuguese territories in Africa: Mozambique, Cape Verde, and São Tome and Principe. It has similarly admitted Comoros to our membership. From other parts of the world we are drawing additional new members and strength. We have recently welcomed to our midst Papua New Guinea; and, in a week or two, we expect to welcome a new nation of the western hemisphere -- Surinam.

The United Nations is experiencing a growth in membership of a magnitude seldom equalled in recent years. A good measure of the credit for this expansion can be attributed to United Nations efforts to promote the implementation of Resolution 1514. The United Nations has assisted in the creation of an international atmosphere that demands that serious efforts be made to deal with situations that have so far inhibited peoples in various parts of the world from exercising their right to self-determination and proceeding to independence if that is their clearly-expressed will.

The areas that remain under colonial administration are few indeed. In most cases -- with the notable exceptions of Rhodesia and Namibia --, they are small territories, often isolated and lightly populated. Nonetheless these small territories warrant our attention and our assistance to ensure that the rights of their populations to determine their own future are accorded them. The Canadian delegation has been careful to point out, however, that self-determination does not always mean independence. Certain small territories may consider that their limited human and material resources make independent status impractical or unattractive. It is for the people of these territories to determine precisely what form of self-determination is most appropriate to their individual circumstances. The relation with New Zealand chosen by the people of Niue is an excellent example of one alternative.

We have maintained over the years our support for the right of peoples under colonial rule to self-determination and independence.

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We have, at the same time, underlined our belief that the objective of the decolonization process is not simply to bring about the departure of a colonial power but to encourage the emergence of stable and united nations (large or small) that are equipped to face the challenges of independence, of social and economic development, and of being able to live in peace and security with their neighbours. In this light, we view with great sadness the situation prevailing in Angola. On November 11, the Canadian Government made the following statement: "Canada has consistently supported the right of colonized peoples to self-determination and independence, and we have accordingly taken note and welcome Angola's independence from Portugal, which took place November 11. However, the political and security situations there are extremely confused, and we are not at present in a position to recognize or enter into relations with any group that may claim to govern the country. It is established Canadian policy to recognize governments that are in control of their country and that are able to answer to their international obligations. When the situation in Angola is clarified sufficiently in this direction, we shall be in a position to pronounce further on our relations with it."

We recognize with appreciation the efforts of the Organization of African Unity to end the conflict in Angola. At the same time, we greatly regret and condemn the foreign intervention that has fomented further the divisions between the political movements; that has served to intensify the armed confrontations by the supply of material, equipment and personnel; and that has thereby encouraged the recourse to military rather than peaceful methods of achieving political objectives. We urge all those able to do so to demonstrate their real concern for the people of Angola by using their influence to bring together the peoples and parties through negotiation and conciliation. The alternative would be a continuation of this fratricidal civil war, leading possibly to the disintegration of the territorial integrity of the country. This would be tragic, not only for Angola but also for the rest of Africa, because it would distract attention and concern away from the remaining serious problems of decolonization and racism in Southern Africa.

The lack of significant progress towards resolving the situation in Zimbabwe and towards independence in Namibia is a matter of disappointment and of concern. As we said in our intervention on this subject: "With or without Ian Smith, majority rule in Rhodesia is inevitable. How Rhodesia and Rhodesians resolve their problems, how the countries of Africa and the world deal with the issues involved, and how this body, the United Nations, copes with these pressures, are matters of major importance for the future of man-

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kind. Whether or not the grave racial and political problems of Rhodesia can be settled by peaceful methods will have a great influence on whether the remaining racial and political problems of Southern Africa can be resolved in peace -- or by violence." As for Namibia, the Government of South Africa can continue only at great risk its opposition to the will of the entire international community in maintaining its illegal occupation of Namibia. It must realize that no settlement worked out in the so-called South West Africa constitutional discussions, which it has set in progress, can be acceptable to the international community in the absence of the participation of the authentic representatives of the Namibian people, chosen in open elections under international supervision.

The major objective of the work of the United Nations and of member states with regard to the situation in Southern Africa is to exert all possible moral and political influence to bring about early and peaceful change. An important secondary aspect of our joint efforts is to provide material and moral support to individuals in Southern Africa. It has been and remains my Government's policy to assist in a substantial measure the humanitarian efforts of the international community to these ends. For this reason, we have long been a major contributor to the United Nations Educational and Training Program for Southern Africa, the International University Exchange Fund, the Commonwealth Scholarship Program for Rhodesia and the Trust Fund for South Africa. In addition, we have this year announced a contribution of \$100,000 to assist in the establishment of the United Nations Institute for Namibia. We believe these programs are important in providing a tangible evidence of the United Nations concern regarding the oppressive situation of individuals in Southern Africa. It is a matter of satisfaction, we believe, that the United Nations should be assisting in the training and education of Southern Africans who will eventually play a key role in the development of their societies as their countries achieve independence or majority rule.

The process of decolonization is a dynamic one. Progress is steady, and is evident in territories around the world. We note, for example, that the Seychelles will be independent next year, and the Solomon Islands very shortly thereafter.

The Fourth Committee has been the scene of debate this year on some of the thorniest questions remaining in relation to certain non-self-governing territories. With regard to the territory of the Afars and the Issas, we have heard statements of petitioners and representatives of liberation movements that indicate a new interest in independence. We have heard a statement from the administering power, France, to the effect that it would be prepared to reply

favourably to aspirations for independence expressed by the population of that territory. At the same time, it is clear that the achievement of independence will be meaningful only if its territorial integrity is completely respected by neighbouring countries.

The question of Western Sahara is an extremely sensitive one, as was demonstrated by the recent Security Council discussion on that subject. We do not believe it appropriate to comment here on the matters that were discussed by the Security Council or on the results of the negotiations between the parties concerned with regard to Article 33 of the Charter. We need only state that, with regard to the decolonization aspects, it is clear that the United Nations General Assembly must maintain its position to the effect that the peoples of every non-self-governing territory have the right to self-determination in accordance with Resolution 1514; the paramount factor in decolonization must remain, as defined by Article 73 of the Charter, the interests of the inhabitants of the territory.

With regard to the question of Belize, the Canadian delegation is pleased similarly to support the right of the people of Belize to self-determination and to stress the need for the early conclusion of negotiations between the Governments of the United Kingdom and Guatemala in order that the people of Belize may enjoy independence in a climate of security and friendship with their neighbours.

Decolonization is a noble cause because it leads to a yet nobler one, which is that of freedom and human dignity.

To have favoured and aided this process, and to have contributed in preparing for the future, will undoubtedly be one of this institution's chief claims to honour. We are drawing close to the goal. This should be a further reason for us to renew our efforts, so that, in one more field of international relations, the cause of justice and human dignity may triumph.



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# Statements and Speeches

No. 75/40

Government  
Public

## CANADA'S DEFENCE PRIORITIES

A Statement in the House of Commons on November 27, 1975, by the Minister of National Defence, the Honourable James Richardson.

Decisions of far-reaching importance for the future of the Canadian Armed Forces have been made by the Government, and I wish at this time to inform the House of the conclusions the Government has reached at this stage of the defence structure review.

The Government has confirmed the four priority roles of the Department of National Defence, which are: first of all, a commitment to the defence, security and sovereignty of Canada; secondly, a commitment to the defence of North America; thirdly, a commitment to collective security within the NATO alliance; and, fourthly, a commitment to our country's unique and important contribution to international peace-keeping.

The conclusions of the defence structure review confirm that Canada will continue to have a combined regular and reserve force of more than 100,000 personnel, made up of 78,000 regular personnel and 22,000 reserve personnel. This combined regular and reserve force of 100,000 will ensure that the Canadian Armed Forces will continue to be able to protect Canadian sovereignty, to contribute to national security, and to provide timely reaction to any civil emergency tasks to which only the forces can respond.

The Government recognizes that substantial modernization and replacement of major items of military equipment must be started immediately in order to ensure that the Canadian Armed Forces maintain their capability to carry out effectively their four priority roles.

Other major decisions that I wish to announce are: First, Canada will continue to maintain in Europe a land force and an air force designed and equipped to contribute a strong combat capability to NATO's collective defence of the central region. Second, modern and effective main-battle tanks will be provided, either by "retrofit" or acquisition of new tanks, in order to ensure that our army contingent in Europe possesses the necessary up-to-date equipment to fulfil its assigned tasks beside our NATO partners. Negotiations for the acquisition of new tanks, or the complete modernization of our present tank force, are to be initiated immediately.

Third, to replace our *Argus* aircraft, the Government has decided to

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purchase a fleet of 18 *Lockheed* P3 long-range patrol aircraft, at a cost of \$642 million in 1975 dollars. Other related costs, including spare parts, ground data centres, federal sales tax, contingencies and an allowance for inflation between now and final delivery, will bring the total expenditure to approximately \$950 million. Some additional costs may be encountered in order to accommodate the payments on this program within the capital-growth provisions to which I will refer later. The new aircraft will be designed primarily to carry out military tasks essential to North America and NATO defence, as well as providing us with a much-improved capability to carry out the long-range surveillance needed to protect our growing sovereignty interests in the waters off our coasts and in the Arctic.

Fourth, the air-combat capability of the air-force squadrons in Europe is to be maintained at its present level. Air-defence forces in Canada are to be maintained at a level of capability to meet sovereignty requirements for identification and control of intrusions into Canadian air-space.

Fifth, the structure of the Canadian Armed Forces will provide for up to 2,000 personnel to be available for United Nations peacekeeping purposes at any one time.

These decisions cover those matters of the defence structure review concerning the posture and equipping of the Canadian Armed Forces on which immediate action will be taken. The review will continue on questions concerning the replacement of fighter aircraft and ships.

Particularly significant to the future of national defence is the fact that the Government has recognized the need to compensate for inflation in the Department's personnel, operations and maintenance budgets for next year and in subsequent years.

To conform with the Government's policy of economic restraint, the Department of National Defence will find from within its currently-planned budget the funds required next year for the start of the tank and the long-range patrol aircraft programs. In the following years, the Government has agreed that capital expenditures for defence are to be increased, in real terms, by 12 per cent each year for the next five years, until capital expenditures reach at least 20 per cent of the total defence budget.

As part of the defence structure review, there has been an assessment of the infrastructure required to support the operational components of the forces. Infrastructure includes headquarters, bases, training and educational facilities and logistics. In aggregate, this infrastructure support requires a large part of the total

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personnel and financial commitment of the defence program. Over the years, there has been some consolidation in these areas, but I believe that our present infrastructure is still larger than is needed to support our operational forces, and for that reason some further consolidation of these support facilities could achieve cost savings without impairing our operational capability. For that reason, I intend to make recommendations to Cabinet within the next few months concerning a better balance of support capability to operational capability, which will increase proportionately our combat capability relative to our infrastructure and support facilities.

I believe honourable members will agree that these decisions are of far-reaching significance for the Canadian Armed Forces and for Canada and, in fact, for the NATO alliance. Our national commitment to the protection of Canadian sovereignty and to the preservation of freedom has been reinforced once again by the decisions taken by the Canadian Government. There is every reason to believe that these decisions will boost the morale of the Canadian Armed Forces and will increase still further the pride Canadians have in the dedicated and capable men and women who serve Canada in our Armed Forces.





# Statements and Speeches

No. 75/41

Government  
Publications

## SECURITY AND CO-OPERATION IN A DIVIDED EUROPE

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, in the House of Commons, on December 2, 1975.

The document I have just tabled, the Final Act of the Conference on Security and Co-operation in Europe (called from the outset by its initials CSCE), was signed at Helsinki on August 1 by the heads of government of the states of Europe and of Canada and the United States. It is intended to establish the basis for the development of future relations between their countries and peoples. It is, therefore, an entirely forward-looking document; it does not look back to the past.

Many Canadians have been erroneously led to believe that, by signing the Final Act of the CSCE, Canada and its allies did something that sanctified the status quo in Europe. It is true that the Soviet Union, for the last 30 years and during the course of the CSCE itself, sought to gain acceptance of the political and geographical situation in Europe. But, throughout the conference, the NATO allies worked to avoid a document that could be pointed to in years to come as a surrogate peace treaty for the Second World War. Not one word of the Final Act justifies the claim that it constitutes recognition of Soviet hegemony in Eastern Europe or of the postwar *de facto* borders.

Canada entered the negotiations with a specific set of concerns. We wanted to play a part in the conference commensurate with our interests in Europe. In this we succeeded. We wanted to see incorporated in the Final Act measures to assist the freer movement of people and ideas. This goal has been achieved. Worthy of special note in this regard is the strong text on the reunification of families sponsored by Canada.

We sought the development of a confidence-building measure involving advance notification of military manoeuvres and, after difficult negotiations, such a measure was worked out. Finally, Canada had important economic and environmental interests to safeguard and advance; and the appropriate texts in the Final Act meet our requirements in this respect.

The Final Act provides for a meeting at senior-official level in Belgrade in 1977 to review progress in implementation and possibly

to organize a resumed conference. It is the policy of the Government to ensure that, for its part, the Final Act is implemented as soon and as completely as possible. Copies are being sent to all Federal Government departments and agencies concerned, to provincial governments and to non-governmental organizations whose co-operation is essential to the carrying out of Canada's responsibilities under the Final Act. Copies are now available to the public through the outlets of Information Canada.

Domestically, we are examining what changes should be made in our present practices to meet the moral commitments we have accepted. In our bilateral relations we are using the document to provide guidance in communiqués, agreements and treaties. Multilaterally, consideration is already being given to the matter of implementation in two United Nations bodies, the Economic Commission for Europe and UNESCO.





# Statements and Speeches

No. 75/42

Government  
Publications

## HIGHLIGHTS OF CANADA'S DEVELOPMENT CO-OPERATION STRATEGY

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Parliamentary Subcommittee on International Development, Ottawa, November 6, 1975.

Thank you for your words of welcome, Mr. Chairman and members of the Committee. I welcome the formation of this Subcommittee, and for two reasons. In the first place, Canada, like other wealthy nations, finds itself at a crucial point in its relations with the developing countries. After 25 years of what used to be called foreign aid, we are facing a whole new set of circumstances, calling for new solutions to new problems. The various options open to us all have far-reaching consequences, not only for our foreign policy but for our national life as well.

The second reason why I welcome the formation of this Subcommittee is the broad mandate given it in the reference by Parliament, the reference of June 17. Not only is the Committee empowered to report upon the full range of international development policies but it is asked to do so with particular reference to the economic relations between developed and developing countries. Parliament has thus shown itself aware of the fact that international development co-operation encompasses an area beyond aid transfers and involves our entire relationship with developing nations. I shall come back to this point in more detail later.

In this initial meeting of the Subcommittee, I want to assure you of the full co-operation of the Department of External Affairs and of CIDA in the work of the Committee.

I wish today to speak about our development-assistance program, about broader questions involved in our economic relations with developing countries and about the role of the Subcommittee. The broad mandate given to this Subcommittee is entirely appropriate, as it reflects the growing sophistication and widening influence of Canada's international-development co-operation from its modest beginnings 25 years ago.

You will recall that the Canadian aid program began more or less as a family affair. After India, Pakistan and Ceylon shed their colonial status in the late 1940s, an awareness soon emerged that political autonomy would be difficult to sustain without rapid and intensive economic and social development. In order to support

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that development, Canada joined Britain, Australia, New Zealand and the three newly-independent Asian countries in establishing the Colombo Plan. For eight years, the Colombo Plan was Canada's only country-to-country aid program and, when other members of the Commonwealth also gained their independence, Canada extended its support to them by mounting the Commonwealth Caribbean Assistance Plan in 1958 and the Commonwealth Africa Assistance Plan in 1960.

A year later, the *francophone* aspect of our heritage and our bilingual character found expression in the launching of an assistance program for *francophone* African countries. This assistance was greatly amplified by a number of development projects identified in 1968 by the Chevrier Mission.

Meanwhile, Canada had turned its attention to Latin America by establishing a special Canadian fund in the Inter-American Development Bank in 1964, and in 1970 this program was augmented by one of direct bilateral assistance to Latin American countries.

In 1960, the Government of the day took note of the fact that aid programs are an integral part of Canada's foreign policy and are molded by the nature of the relations between Canada and the recipient countries. The administration and operation of these programs were brought together under the supervision and control of the Secretary of State for External Affairs, and the External Aid Office was established.

The same decision established a senior interdepartmental committee now known as the Canadian International Development Board. We are now studying ways to enable the Board to play a more constructive role in co-ordinating the policies of the various departments involved in our development-assistance program.

The growing complexity of the problems of developing countries made necessary a full review of our development-assistance programs, a review that led to the publication on September 2 of *The Strategy for International Development Co-operation 1975-1980*. Our strategy is not so much an agonizing reappraisal of international-development policy as an expression of a number of concepts and practices that have evolved from our 25 years of experience in development co-operation. World events have made more critical this re-evaluation of the purpose and nature of our relations with the developing countries. Already in 1970, the foreign policy review suggested that the concepts of aid applied during the 1960s were not adequate for the coming decade. The strategy for 1975-1980 is not a rigid formula for development co-operation; it is designed to be responsive to the flow of events, while maintaining the continuity so

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essential to effective long-term economic and social development programs.

I do not want to go over all the 21 points in the strategy, but I should like to refer to some of the most significant aspects. Canada's assistance will be concentrated in a limited number of developing countries to ensure maximum effectiveness and impact. The Canadian program will concentrate upon the poorest countries, those most seriously affected by economic dislocation, and on the poorest groups within those countries. At least 80 per cent of our bilateral assistance will be aimed at these countries. Canadian development efforts will focus increasingly upon major world problems such as agriculture and rural development, basic education and training, public health and population, shelter and energy.

Canada wishes to help those nations that show a real willingness to help themselves. True co-operation provides nations with the option of choosing a method of development most appropriate to their own political, economic and social requirements. We wish to see, however, forms of development in which the poorest and weakest members of society, the rural poor, the landless tenant farmers, the urban untrained and unemployed, share from the beginning in the benefits of growth. The program will be flexible, with forms of assistance available that are tailored to the needs of some middle-income developing countries.

We restate our determination to reach the official United Nations target of 0.7 per cent of our gross national product in official development assistance through annual increases in assistance as a percentage of gross national product. We recognize that this pledge will be a severe test of our national commitment to development co-operation.

The strategy-review document will provide a focus for the Committee, if it so wishes, to examine Canada's development policy. It is the first time, I believe, that we have pulled together the guiding principles of our development program, and certainly I should welcome any comments the Committee might have on the principles that we have outlined, whether we are going in the right direction, and whether there are other principles that ought to be added or some that ought to be removed.

I should like now to turn to broader questions involved in Canada's economic relations with developing countries. As members of the Subcommittee, you have all shown a keen interest in the report of the Commonwealth Expert Group on a new international economic order and in the Seventh Special Session of the United Nations General

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Assembly, which was held two months ago. Several of you attended the Seventh Special Session, and I wish to place on record my appreciation of your important contribution to the work of our delegation.

I wish to review for you briefly my personal reaction to these exercises in which we have been involved in the past few months. The first point in my view is that significant progress has been made. The report of the Commonwealth Expert Group was a positive contribution to international dialogue and understanding, and gives us an important guide towards practical action to lessen disparities in living standards between rich and poor round the world.

At the Commonwealth finance ministers' meeting in August, ministers gave their general endorsement to this report. The Commonwealth Expert Group will meet again next year to pursue its task in new areas, such as the problems of developing countries, which must import most of their required raw materials. I believe it is worth mentioning that the report of the Commonwealth Expert Group was the first (in a sense) consensus document that had been produced by representatives of developing countries and by representatives of developed countries. It was the first consensus document and the conclusions of the endorsement of the ministers of finance of the document were also a new departure.

It was subsequently tabled and put into the flow of material at the United Nations Seventh Special Session. While it did not have the prominence in the debate that the main document which was produced by the non-aligned had, it still, in my view, was a significant development. The document of the non-aligned was the focus of debate and it was, of course, supplemented by the statement of the United States, which subsequently put also into play its own proposals; and the Commonwealth document was there as well.

I believe those of us who were present at the Seventh Special Session...would have observed a greatly-improved atmosphere for debate and negotiations at the United Nations. There were flexibility, foresight and goodwill on all sides of the table and the approach that emerged from that session is one which we welcome and support. There was a much greater meeting of minds at the Seventh Special Session, and this resulted in a consensus approach in dealing with the difficulties and needs of developing countries.

I believe the view would probably be shared by other members of the Committee who were in New York that the statement of the United States played a crucial role in this changed atmosphere. Certainly, in the absence of an American initiative of that importance,

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probably the session would not have resulted in the adoption of a consensus resolution. Canada's efforts in this area over the past few months have been aimed at putting forward constructive positions reflecting Canada's interests in the long and short run. They have also been aimed at building bridges between developed and developing countries. Our delegation at the United Nations Seventh Special Session was able to participate in that bridge-building role. Certainly, our role was a positive role, helpful in the circumstances, I believe. In my own statement at the Seventh Special Session, I said that we were determined to play a positive role, using our resources and influence to bring about constructive change in the international economic system, thereby reducing the gap between rich and poor nations.

I reiterate that statement today. I attended the now-resumed General Assembly that followed the special session and I met with the delegation at the General Assembly. I certainly expressed the clear view to the delegation that the document that had been adopted at the Seventh Special Session was not to be regarded as a tactical move on the part of Canada, or as a response to a purely tactical situation; it was a document that we regarded as our document; we had supported it and we ought to work positively in the General Assembly to have it move forward in the deliberations of the Second Committee. In fact, a member of your Subcommittee, Mr. Stanbury, is our spokesman on the Second Committee, and he has been given that support in my statement to the delegation.

I believe, at the United Nations and in these other forums, we have made progress on commodities, trade-liberalization, the transfer of resources, industrial co-operation, food and agriculture. We must ensure that the evolution of the international economic system continues in the right direction. We must take advantage of the improved international atmosphere. I believe a lack of will on the part of developed or developing countries in the field of international economic co-operation would result in our losing the gains made at the Seventh Special Session.

The next steps in the process are the Conference on International Economic Co-Operation in Paris or the so-called producer-consumer conference, ongoing discussions in commodity councils leading up to UNCTAD IV in Nairobi, the continuing multilateral trade negotiations under GATT and the discussions of international financial and monetary issues at the IMF. In each of these forums, we shall be putting forward positions that reflect Canada's economic interests and our desire to strengthen the co-operation with developing countries.

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The Conference on International Economic Co-operation will hold a ministerial session in December. I hope to attend that session, which I think will be a very crucial event in the evolution of international economic co-operation. Certainly, the atmosphere that prevailed at the Seventh Special Session will have a favourable effect on the atmosphere at the Conference on International Economic Co-operation. We have, obviously, a vital interest ourselves to pursue at this conference. There will be four commissions, two of which are of primary concern to Canada -- the Commission on Raw Materials and the Commission on Energy -- and it probably will see these commissions, for a period of a year, discussing the whole question of raw materials, which is a big item in the context of the new International Economic Order, with probably, at the end of the year, some report to ministers.

That is really the next incident in this unfolding scene. We are now preparing for that meeting. We have not yet completed our preparations and we have not sought final approval of our positions from the Cabinet.

I want now to turn to some other general comments. Just as the Canadian International Development Board under the chairmanship of Mr. Gérin-Lajoie advises me on development assistance matters, the Interdepartmental Committee on Economic Relations with Developing Countries, under the chairmanship of Mr. Robinson, advises me on the broader multidimensional issues that we are continuing to deal with. I wish to stress the interdepartmental nature of the Government's consideration of these issues. Thus, through our aid program and through other measures of co-operation with developing countries, we are seeking ways of lessening disparities between developed and developing countries.

In my view, bringing rich and poor closer together and finding ways to lessen these great disparities is one of the fundamental tasks in the field of international relations today. It is crucial for global stability and for the future of human civilization. I believe Canada has the ability to maintain and increase its efforts to confront these problems despite the sacrifices that will be required in our domestic fight against inflation.

Aid programs are easy targets in time of economic stress. Support for our programs must be founded upon a broad understanding by Canadians of the critical problems facing the community of nations and of the disastrous results that would follow any reduction of effort by industrialized nations because of economic problems at home. The importance of broadly-based national support for our programs and policies aimed at assisting developing countries

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cannot be overemphasized.

I understand that members of the Subcommittee will be making an effort to ensure that Canadians are made more aware of the issues involved in our relations with developing countries. Discussion in this Subcommittee and efforts by each of you to air these questions with the Canadian people will make a valuable contribution to improving understanding of the issues.

The Canadian people should be made aware of the costs and benefits, in economic and political terms, of action that may be taken by Canada in favour of developing countries through the budget for our International Development Program, through improved access to the Canadian market for developing-country exports, and through agreements to stabilize international trade and commodities. There may be domestic economic costs, but in the longer term the cost of doing too little could be much greater.

I see, therefore, the need for continuing consultations between this Subcommittee and myself and my officials. I look forward to this dialogue and I should be pleased to try to answer some questions, although I doubt whether we can carry the discussion much further than we have carried it already until you have probably made more progress in your studies and we have made more progress in ours.







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# Statements and Speeches

No. 75/43

## CANADA ADOPTS A MULTIDIMENSIONAL APPROACH TO INTERNATIONAL DEVELOPMENT

A Statement to the Parliamentary Subcommittee on International development in Ottawa, on November 25, 1975, by the Under-Secretary of State for External Affairs, Mr. H.B. Robinson.

I am pleased to appear before the Subcommittee today as Chairman of the Interdepartmental Committee on Economic Relations with Developing Countries....

The Minister, when he spoke to you, outlined the evolution of Canada's relations with developing countries and the increasing place such relations have in Canada's foreign policy. He pointed out that Canada, like other wealthy nations, is at a critical stage in its relations with the developing world, that we are facing new circumstances calling for new solutions to new problems, and that the choices we make will have far-reaching consequences not only for our foreign policy but for our national life as well.

I wish to speak today about how -- and in what context -- the Canadian Government is examining these issues and making its choices. I shall do this under three headings: the state of "development" (or development co-operation) today; the Canadian Government's response; and the challenges ahead.

There have been striking events in the dialogue between developed and developing countries during the past two years.

At the Sixth Special Session in April 1974, the radical members of the Third World put forward extreme demands, which were met with a determination on the part of some industrial countries not to concede their position on any of the central issues. The stridency on both sides no doubt reflected concern about how to cope with the combined disruptive effect of inflation, monetary instability, the food shortage, and the abrupt rise in the price of oil. The result of the session was a stand-off and an illusory consensus, a declaration and program of action adopted without a vote but also without the political will to implement it.

The sharp confrontation between developed and developing countries at the Sixth Special Session had serious effects on international co-operation in the months that followed.

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Four points are worth making here in trying to explain how and why this collision occurred:

- (1) The system of economic co-operation inaugurated after the Second World War was a striking achievement in its time. The countries involved affirmed their intention to accept responsibility for one another's welfare and economic growth to a degree without precedent. That system, however, was created by and for the benefit of Western countries. There were fewer than 20 developing countries at the time, mostly in Latin America. The architects of the postwar system could not foresee the scale and complexity of the development problems of the Seventies.
  - (2) The postwar approach was reflected in the initiation of aid programs, which have grown from modest beginnings to the sophisticated network of international mechanisms and bilateral programs that exists today. These programs have had a very great effect on the growth and welfare of developing countries. Aid made a significant contribution to this growth, comprising about 10 per cent of total capital investment in developing countries. But, much more important, the unprecedented economic growth in developed countries during the past 25 years has caused the gap between rich and poor to increase in absolute terms.
  - (3) Recognition of that widening gap precipitated the crisis of confidence in 1973-74. Since the early Sixties, the developing countries have, by their numbers and solidarity, progressively dominated the UN and greatly influenced the other organizations of economic co-operation. For 15 years, they have presented and pursued their demands for changes in the structure of international trade and finance. There is hardly a proposition in the New Economic Order that cannot be found in the *Prebisch Report*, which led to the creation of UNCTAD in 1964. The developed countries have responded to these demands and needs by a variety of measures during this period. But, from the standpoint of developing countries, the pace was always too slow and the response too fragmented.
  - (4) Faced with the crisis that confronted them in the mid-Seventies, it is not surprising that developing countries addressed their demands for faster progress and a more flexible response to their needs in a united and determined way. With the volume of aid flows nullified by the rise in energy and food costs, with fluctuations in the major reserve currencies that reduced the value of their foreign-exchange reserves, with enormous balance-
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of-payments deficits in particular cases, the developing countries, in effect, demanded assurances that they would not be left to their plight, that measures would be taken to enable them to match the expectations of their people, that they should not have to bear so much of the brunt for dislocations in the international economic system.

At the Seventh Special Session last September, the developing countries put forward their demands in a somewhat more moderate way. They were met by a much more responsive attitude on the part of developed countries. The leadership exercised by some moderate developing countries was a notable feature of the session, as was the significant advance in the position of the U.S.A. and the greater flexibility shown by members of the European Community. A genuine will to reach agreement and to avoid rhetoric were evident at the session and facilitated its successful conclusion.

Why did this change of attitude take place over 18 months?

The Sixth Special Session did have one positive effect. It brought the economic issues between developed and developing countries to the centre of the political stage. The notion of the New Economic Order gave some conceptual coherence to the many demands developing countries had been making for years. Political leaders called for a thorough review of policy related to the New Economic Order. Coordinated efforts were made by a number of countries to resume the dialogue. In this way, the Seventh Special Session became a target occasion for the resolution of some of the outstanding problems.

The change in the situation in the Middle East was another factor. While the Sixth Special Session was called in the aftermath of the October 1973 war and the subsequent oil embargo and oil-price increases, the Seventh was convened shortly after the disengagement agreement between Israel and Egypt and a period of relative calm in the area. Between the two special sessions, the UN as an institution had been severely tested. By September 1975, the political climate had cooled, permitting calmer discussion of economic issues.

A third very important reason for the change in atmosphere was the world economic situation and the perception by developing countries that continued inflation and recession in the Western industrialized world would have a damaging impact on them. Many of them considered that a general deterioration of the international trade-and-payments system was too great a price to pay for the wholesale reform of that system, even if reform was badly needed. The more radical among them might still press forward, but the moderates saw the danger of straining the system too much in its fragile state. Developing



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countries also perceived more clearly their own divergent interests with respect to certain elements of the New Economic Order.

Analysis of the results of the Sixth Special Session indicated that the benefits of the New Economic Order would accrue largely to the middle-income developing countries and would do little for the countries of the "Fourth World" -- those that are at an early stage of economic development, poor in natural resources, and greatly affected by rapid increases in food and oil costs. Many of the poorer developing countries may also have concluded that excessive concentration on structural changes might inhibit the flow of assistance to them from traditional donor countries. The differing national interest of those developing countries that were importers and those that were exporters of particular commodities was also a factor.

But, if there was greater moderation among developing countries, there was also greater moderation and a greater readiness to accept new approaches among Western countries. While the shock of the oil-price rise had tended to make the developed countries more rigid in their defence of traditional arrangements, 18 months of analysis and reflection had brought home to them that the real changes in the international world required a greater degree of accommodation than they had earlier envisaged. That, too, was an important factor in the success achieved at the Seventh Special Session.

#### Canadian Government response

I should now like to turn to the manner in which the Government has organized its response to this new situation.

After the Sixth Special Session, it became apparent that a special effort was needed to resume the dialogue and to find a better basis for understanding between developed and developing countries. In the Throne Speech of October 1974, the Government indicated that Canada's contribution to international measures to aid LDCs would require an increase in the flow of development assistance and a re-examination of other policies affecting our economic relations with developing countries. Subsequently, ministers agreed to set up a Senior Interdepartmental Committee on Economic Relations with Developing Countries, chaired by the Under-Secretary of State for External Affairs, in order to prepare and co-ordinate the Canadian Government's response to "the New International Economic Order". It was clear from the start that the issues in play fell within the responsibility of several government departments and would need to be approached on an interdepartmental basis. In its operations, the Committee facilitates the co-ordinating role of the Department of External Affairs with respect to Canada's relations

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with developing countries. It also provides the vehicle for a multi-dimensional approach. Its mandate is:

- (a) to direct a continuing review of policies as they affect Canada's economic and other relations with developing countries;
- (b) to consider the consistency of Canada's international economic and other policies with its development policies;
- (c) to ensure the preparation of policy positions for major international meetings affecting Canada's economic and other relations with developing countries.

The departments and agencies that participate in its work are: the Prime Minister's Office; the Privy Council Office; the Department of Finance, Industry, Trade and Commerce, Consumer and Corporate Affairs, Agriculture, Energy, Mines and Resources; the Ministry of Transport; the Ministry of State for Science and Technology; CIDA and the Treasury Board; as well as the Department of External Affairs.

The Committee first met late in 1974 and has held four sessions at the senior level during 1975. I chair the Committee but, if I am not able to do so, it is chaired by an Assistant Under-Secretary responsible for this area in my Department.

Between sessions of the Committee, work is carried forward under a task force chaired by the Director-General of the Bureau of Economic and Scientific Affairs of the Department of External Affairs, Miss McDougall. In addition, individual working groups are set up from time to time to pursue work on specific matters.

The Committee does not work in isolation but draws on the work of other interdepartmental committees with responsibilities in related areas.

In the normal course of events, its analysis and recommendations are presented to Cabinet by the Secretary of State for External Affairs. These may relate to a major international meeting such as the Commonwealth heads of government meeting in Kingston or the Seventh Special Session or to ongoing work within the Government related to the regular round of consultations with developing and developed countries bilaterally or in international organizations. There are four central areas on which the Committee and the task force have concentrated their attention:

- (1) commodities;
  - (2) trade liberalization;
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- (3) industrial co-operation, including investment and the transfer of technology;
- (4) financial and monetary issues.

#### Development co-operation in the future

In considering what is being done in the four key areas I just mentioned, it is necessary to bear in mind that the resolution, important as it is, represents a point in time, and that the response to the needs of developing countries is a continuing process. The Canadian Government did not wait for the Seventh Special Session to initiate measures that respond to the needs identified at the earlier special session, but undertook that work immediately. It is now pursuing it in the light of Resolution 3362, which, as you will recall, is the resolution passed by the Seventh Special Session of the General Assembly.

The initiatives we took at the World Food Conference and are still pursuing in terms of its results and those of the Seventh Session are relevant here:

- (1) We made a volume commitment for the provision of grains through our aid program against the international target.
- (2) We have subscribed to the Undertaking on World Food Security.
- (3) We have placed new emphasis on agricultural development in the context of our own aid program. Over a third of our current aid expenditures are devoted to the provision of food aid to meet urgent needs, and to support for agricultural development.
- (4) We are at present negotiating the establishment of an International Fund for Agricultural Development.

As for commodities, co-operation in this area involves many other measures as well:

- (1) We have in the past months actively contributed to the negotiation of new commodity agreements on tin and cocoa.
  - (2) In the tin negotiations, Canada pressed for mandatory consumer contributions to the financing of the tin buffer stock. That proposal was not included in the new agreement owing to the opposition of other consuming countries. We are now examining the possibility of making a voluntary contribution to the buffer stock, as some of them have done.
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- (3) The new cocoa agreement, concluded after the Seventh Special Session, provides for a significant increase in the price range. It used to be 29.5 to 38.5 cents a pound (after an interim adjustment) and will now be from 39 to 55 cents a pound.
  - (4) We are at present engaged in negotiations on coffee, and are preparing for negotiations on sugar.
  - (5) All of these commodities are included in UNCTAD's Integrated Approach, and our support for these agreements is one means of giving effect to that approach.
  - (6) We are examining the other commodities covered by the Integrated Approach. We have affirmed that we are prepared to seek appropriate consumer/producer solutions on a wide range of commodities, including buffer stocks where these can be useful. This approach is not limited to the commodities included on the UNCTAD list. The nature of the commitments would vary according to the trading characteristics of each commodity.
  - (7) We shall be pursuing this work, in consultation with other interested countries, at the UNCTAD Committee on Commodities in December.
  - (8) There have recently been proposals for early action on tea and copper, and, if such negotiations take place, we shall wish to participate in them.

Turning to trade liberalization -- we are at present reviewing our system of tariff preferences in favour of developing countries to see what further advantages may be accorded to developing countries without undue burdens for Canada.

- (1) We are formulating our tariff offer on tropical products for consideration in the Multilateral Trade Negotiations, as requested by developing countries.
  - (2) We are also discussing with developing countries how the problem of tariff escalation may be handled through the sector approach in order to give the producers of raw materials greater opportunities for processing them.
  - (3) The developed countries generally are pledged to seek additional benefits for developing countries in the trade negotiations.
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Now on to industrial co-operation; we are exploring several new approaches:

- (1) We are considering the utility of bilateral co-operation agreements as a means of giving greater focus to our efforts in this area. The idea behind this approach is to facilitate investment and the transfer of technology by the private sector that has the greatest resources in this area. Such agreements might encompass: development assistance for capital projects, for technical training, and for managerial training; support for the development of infrastructure related to industrial development; provisions related to investment; co-operation with the private sector to ensure that these various elements complement one another in a systematic way. We have reached no final conclusions regarding this approach, but the studies under way are based on the assumption that, if these various elements of co-operation are more closely related, the whole may be greater than the sum of the parts.
- (2) We have suggested that the possibility of evolving a "model" bilateral, industrial co-operation agreement might be examined by UNIDO, and possibly by the Commonwealth Secretariat. The purpose of such a model agreement would be twofold: to advance international consideration of industrial co-operation and to serve as a check-list of issues for developed and developing countries which are considering industrial co-operation arrangements.
- (3) In addition to this approach, we are taking an active part in international consideration of transnational corporations, restrictive business practices and the transfer of technology. There is much that can be gained by analysis and the exchange of information in these areas, and we have been in the forefront of those contributing to this process.
- (4) We have stated that we are ready to share our own experience with respect to screening mechanisms, the analysis of tax laws and the analysis of the costs and benefits of technology transfers. We see a parallel role for the United Nations in such matters. From our perspective, it is essential that developing countries acquire the capacity to make their own judgments on these issues because the evolution of any international code promises to be long, difficult and of doubtful benefit to developing countries.

So far as the financial and monetary issues raised by Resolution 3362 are concerned, we are actively involved in a number of fields.

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- (1) We have strongly supported the establishment of SDRs as the central reserve asset of the international monetary system, and the phasing-out of gold, as desired by developing countries.
  - (2) We have supported a readjustment of quotas in the IMF, which has resulted in a doubling of the share held by OPEC countries. In making this readjustment, we have held that the share of developing countries should not be reduced (as it would have been by the application of objective criteria such as their participation in world trade) and that the developed countries instead should absorb the reduction in their voting rights.
  - (3) We have supported the creation of the IMF's Oil Facility and Subsidy Account, the inauguration of a trust fund to deal with balance-of-payments problems based on the sale of IMF gold, and the establishment of a third window in the World Bank to assist middle-income developing countries.
  - (4) We are at present involved in the negotiations for a fifth replenishment of the IDA, which provides concessional financing for the poorer developing countries. We are examining, at the same time, proposals for a capital increase of the International Finance Corporation, another branch of the World Bank.
  - (5) We are increasing our contributions to the regional-development banks.
  - (6) It will be our objective to bring the negotiations in the World Bank and in several of the regional-development banks to a successful conclusion.
  - (7) We support the liberalization of the IMF's buffer stock financing and compensatory financing facilities as a means of protecting developing countries against abrupt declines in their export earnings. This was a major issue in New York. If there is a substantial improvement in the compensatory financing facility, it might well serve the purpose of the Swedish and United States proposals in New York.

This is not the sum of our endeavour to follow up Resolution 3362 but a survey of the work under way to give effect to the Minister's statement in New York that "there must be adjustments in the international economic system that will lead to a more rapid reduction in the disparities between developed and developing countries". This is work that proceeds on a day-to-day basis with analysis and recommendations to ministers.

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We cannot predict the pace of progress in each of these areas, but we expect that the political impact of the resolution will exert a continuing influence in the detailed discussions and negotiations. The session itself will be a landmark in the relations between developed and developing countries if the co-operative atmosphere it created hastens that process.

There are two elements in the hastening of the process:

The *first* is maintaining the political momentum. Here the Conference on International Economic Co-operation, which the Minister discussed with you and which is scheduled to take place next month, will be of major importance, and so will the fourth UNCTAD conference in Nairobi next year. The inter-departmental committee is now working on the preparations for these meetings and is basing itself on Resolution 3362.

The *second* element is the series of negotiations and discussions taking place in specialized bodies. The results of the Seventh Special Session, the commitments made there, must have their substantive impact in these specialized bodies. What this means for the Canadian Government is that we must examine, in a systematic way, the various elements of Resolution 3362 as we engage in international consideration of them. Such an examination involves an assessment of the costs and benefits to the Canadian economy. What will particular measures mean in terms of Canada's competitiveness, costs or advantages for the Canadian consumer, or employment in Canada? What are the financial implications for the Canadian Government? While it is impossible to "cost" the whole range of propositions in Resolution 3362, some estimate can normally be made of the costs and benefits of the particular steps that are contemplated. If the demand is for a liberalization of trade in a sensitive area such as textiles, we can -- and must -- estimate the impact it would have on Canadian industry. And we must consider to what degree other industrialized countries are affording equivalent access to their markets.

Thus, the process also involves consultations with our major trading partners in the industrialized world. The policies we pursue on trade, commodity or financial matters affect very deeply our relations with them. Our actions affect them just as their initiatives have an important effect on us. We must work with them if we wish to obtain results. In many areas, we cannot hope to give effect to policies unless they have the consent and support of other developed countries. The dialogue is with both developed and developing countries.

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It is no easy task to comprehend or pursue the variety of issues included in this multidimensional approach to development -- particularly as it includes energy, as well as trade, aid and finance in the context of the forthcoming Paris conference. These issues and their interrelations are not well understood by all Canadians interested in them. Realizing that, we have thought it important to organize consultations with interested representatives of the private sector -- including representatives of labour, agriculture, industry, the churches and voluntary associations. Two such consultations have now been held, and we expect to continue this practice.

This practice puts the issues before interested Canadians and enables them, through their organizations, to discuss them with a broad cross-section of Canadians, who may draw their own conclusions as to the costs and benefits for Canada. A number of the organizations involved receive financial support from CIDA, which assists them in holding seminars and meetings across the country. We seek by this means to engage the interest and support of Canadians in all walks of life. We recognize that, in times of inflation and unemployment, this may not be an easy task.

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# Statements and Speeches

No. 75/44

## MORE CANADIAN MONEY FOR UN DEVELOPMENT PROGRAM

A Statement by Miss Monique Bégin, Parliamentary Secretary to the Secretary of State for External Affairs, Representing Canada at the Pledging Conference of the United Nations Development Program on November 5, 1975.

Each year, at this Pledging Conference, Canada has the pleasure to reconfirm its continuing support for the United Nations Development Program. Nineteen seventy-five has been a year of great accomplishment for the UNDP. The Governing Council, at its twentieth session, worked constructively to adopt a mandate that would provide a new flexibility for future operations. At the same time, field, headquarters and agency personnel have worked diligently to achieve a major improvement in the Program's implementation performance.

These very successes pose in themselves significant new challenges. For perhaps the first time, implementation of the UNDP's programs is outpacing available resources. It is increasingly clear that the small group of traditional donors cannot in themselves sustain the targeted growth-rates for the UNDP, let alone move the Program dramatically forward to meet the extensive needs of the developing world. Only if countries now experiencing much more favourable economic conditions substantially increase their contributions; only if some countries remove the restrictions on the convertibility of their contributions; only if some potential contributors are prepared to overlook the political concerns by which they justify their failure to participate; only if developed countries contribute in a manner more consistent with their ability to pay; and only if the traditional donors maintain their strong support, can this Program achieve the required growth-rate. Support for the UNDP must be both open and generous, and as broad as the UN membership itself, if it is to live up to its name as the UN Development Program.

Canada is prepared to do its share in meeting this challenge. For 1976, we shall increase our regular contribution by (Canadian) \$4.5 million to a total of (Canadian) \$28.5 million. This represents an 18.7 percent increase over 1975. In addition to the regular contribution, Canada will contribute again in the coming year a supplementary sum of (Canadian) \$500,000, to be used for projects designed to accelerate the development of the least-developed countries. Thus the total Canadian contribution for 1976 will be (Canadian) \$29 million.

One of the prime considerations behind this major increase in the

Canadian pledge is our concern with the special needs of the least-developed countries and the newly-independent states. All of these commitments are subject to the eventual appropriation of funds by the Canadian Parliament.



# Statements and Speeches

No. 75/45

## MORE CANADIAN CASH FOR UNICEF

A Statement by Miss Monique Bégin, Parliamentary Secretary to the Secretary of State for External Affairs of Canada, at the Pledging Conference of the UN Children's Fund, November 6, 1975.

The Canadian Government and people have been constant and enthusiastic supporters of UNICEF since its creation 30 years ago. They supported its initial role in providing emergency assistance to children in countries affected by natural or man-made disasters, and they have equally supported its present role of assisting governments, particularly those of developing countries, in establishing basic and essential services for children and their mothers within the communities in which they live.

The universal support UNICEF enjoys reflects the importance of its humanitarian and developmental role, and also its effectiveness in contributing to disaster relief operations. Its consistently non-political approach has safeguarded its ability to assist mothers and children in countries of all political persuasions. The respect and affection in which UNICEF is held by Canadians have been reflected in support over the years from the non-governmental sector in Canada, which has been very significant in financial terms.

Tens of thousands of Canadians each year use UNICEF greeting cards for Christmas and other special occasions, resulting to an important source of revenue for the Fund. The effectiveness of the greeting-card operation in Canada is not accidental; it is the result of hard work and good organization on the part of committed and devoted volunteers of UNICEF-Canada. Furthermore, the future of support for UNICEF in Canada appears bright as many Canadian children each year, during their Hallowe'en "trick-or-treat" rounds, seek contributions for less fortunate children in developing countries. Thus, the idea of sharing through UNICEF has become an aspect of Canadian life, and we believe has an important spin-off effect on the Canadian public's support for the Government's international development-assistance programs. In more specific terms, the public support of UNICEF programs last year amounted to \$2 million, a sum that puts total Canadian support for UNICEF among the major donors.

The Canadian Government considers that the key role of UNICEF within the UN system is to encourage and facilitate provision of basic services for young children and their mothers in developing countries and to serve as a catalyst for the establishment of comprehensive

programs to deal with the whole interaction between the child and his environment. This being said, it must be recognized that, as programs expand, it is essential that the areas of concern of all bodies in the UN system should be increasingly defined and their activities co-ordinated with one another and with those of donors in the context of overall programs established by governments. As regards UNICEF, my Government has prepared a working paper on priority-setting which suggests focusing on the "Conception-to-Year-Five" period as a specific priority area for UNICEF. It will look forward to pursuing the discussion of this conception in the Executive Board of UNICEF at its next session.

At this time last year, the Canadian Government pledged to the regular programs of UNICEF the sum of \$3.5 million. This year, in view of the continued pressures for expansion and the need to respond to the urgent needs of children and their mothers in developing countries, the Canadian Government will increase its contribution to \$5 million, subject to Parliamentary approval. In addition, I am pleased to draw attention to the fact that the Canadian Government has recently advised UNICEF that it is contributing \$2 million, \$1 million in cash and \$1 million in kind, in the present fiscal year in support of the special-assistance projects that have been designed to meet the urgent needs of children in countries most seriously affected by the current economic situation. This contribution is not earmarked for any specific country but is intended, rather, to help meet the most pressing needs.

As part of the Canadian Government's contribution to the United Nations Indochina Relief Operation, I am very pleased to announce that it will give an additional \$3-million cash contribution for the same program through UNICEF.





# Statements and Speeches

No. 76/1

## CANADA AND EGYPT STRENGTHEN THEIR RELATIONS

A Statement to the Press by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, in Cairo, January 12, 1976.

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On behalf of the Canadian Government, I thank the authorities of the Arab Republic of Egypt, particularly Foreign Minister Fahmy, for the kind invitation that enabled me to come to Cairo and for the generous hospitality they extended to me and to members of my delegation. This is my first official visit to Egypt -- indeed my first to the Middle East --, at the beginning of a two-week tour that will also bring me to Saudi Arabia, Jordan, Iraq and Israel. This journey gives concrete expression to the declared policy of my Government to strengthen and expand Canada's relations with this region of the world. Accordingly, it is my hope that our discussions with Foreign Minister Fahmy and other Egyptian leaders will give a fresh impetus to bilateral relations between Egypt and Canada in all fields. While this is the major purpose of my visit to Cairo, I also welcome this opportunity to establish personal contact with Egyptian leaders and review with them a number of multilateral issues of utmost importance for our two countries, such as: current efforts, within international organizations and at the Paris Conference on International Economic Co-operation, to establish a new world economic order more favourable to developing countries; ongoing developments at the United Nations; the international security situation, including recent serious developments in Angola and Lebanon, as well as other developments in the Middle East; and the prospects for eventual negotiation of a just and stable peace in this region.

I thought it useful, before answering questions, to summarize Canadian views and positions on some of these questions.

While not extensive, political relations between Egypt and Canada have remained friendly ever since the two countries exchanged diplomatic missions in 1955. Despite the diversity of their national interests, resulting from their quite different geo-political, economic and cultural circumstances, our two countries have often found that their perspectives and positions on international issues were similar or convergent. There are questions, of course, on which our governments have occasionally differed or disagreed; but, generally speaking, these differences have not cast a shadow over our overall bilateral relations, because each country had a proper understanding of the other's positions and a proper respect for the other's values

and aspirations.

During the last 20 years, a pattern of constructive co-operation on multilateral issues has consequently emerged between Egypt and Canada; and this co-operation has intensified in recent years, as our two governments came to share more than ever before a common approach to world affairs. Both Egypt and Canada, for example, have sought to shore up their independence through an appropriate balance in their relations with major powers, while maintaining their close links with international groupings such as the Arab League and the Organization for African Unity, in the case of Egypt, or the Commonwealth and the Agence de Coopération technique et culturelle between French-speaking countries, in the case of Canada. Furthermore, our two governments are attempting to diversify their foreign relations and to establish close and beneficial contacts with countries lying beyond their traditional geo-political environments.

Egypt and Canada also recognize that international co-operation requires an institutional framework that, at this stage of history, can only be provided by the United Nations and its Specialized Agencies. Both countries have, therefore, supported the fundamental aims of the United Nations system and regularly participated in its activities. Prior to the seventh special session of the United Nations General Assembly and during its proceedings, for example, our two governments sought to defuse the confrontation then threatening on international development issues, and worked actively towards the consensus resolution that was, fortunately, adopted at the conclusion of the session. I have no doubt that the same constructive spirit will inspire Egypt's participation in the Conference on International Economic Co-operation, which held its first session in Paris last month. As you know, I have the honour to be a co-chairman of this conference; and both Egypt and Canada have been appointed to the Energy Commission established by the conference. I am, therefore, looking forward, in my dual capacity as co-chairman and leader of the Canadian delegation, to working closely with Egyptian leaders in this endeavour to further international co-operation for the benefit of all.

I note, finally, that Egypt is one of the countries that have shown the most interest in the United Nations Habitat Conference, which will take place in the Canadian city of Vancouver next June. Since Habitat is a Canadian initiative, we are most grateful for the active co-operation that the Egyptian Government has extended to the United Nations Secretariat and the Canadian Government in the organization of Habitat, through its membership in the Preparatory Committee, the "hosting" in Cairo of the African regional meeting and its constructive participation in recent proceedings at the General Assembly on

the Habitat resolution.

Obviously, if the Canadian Government is not satisfied with the present state of bilateral relations between Egypt and Canada, it is essentially because they are not sufficiently developed and extensive. On political affairs, I therefore hope that consultations between our two governments will be more regular and will cover a wider range of issues. In this respect, I should note that the discussions I have had with Foreign Minister Fahmy have been most useful; they should be followed, in my view, by frequent meetings between our officials. In the same vein, I hope that it will be possible for Mr. Fahmy, in the near future, to pay the visit to Ottawa that he has agreed to make on my invitation. Furthermore, I believe there is general agreement on both sides that a new impetus must be given to Egypt-Canada relations in other fields, such as trade, investment, development and technical co-operation, as well as cultural affairs. We have not explored as intensively as we should the numerous opportunities for closer co-operation in these fields. Perhaps I should add that, on our side, Canadians for too many years have perceived modern Egypt in terms of the conflict that has marked the recent history of the Middle East. Fortunately, recent political developments in this region, as well as changing perceptions in our two countries, will enable us to overcome this handicap.

The Canadian business community is increasingly aware that the Egyptian economy appears on the threshold of a period of development, which should provide the basis for broader economic exchanges between our two countries. The resumption of traffic in the Suez Canal, the recovery of the Sinai oil-fields, extensive assistance from other Arab countries, the real prospects that further progress towards the peaceful settlement of this country's conflict with one of its neighbours will reduce the financial burden of military expenditures -- all these factors should encourage Canadian industries to participate in the economic development of Egypt. Two of the largest Canadian banks have recently opened offices in Cairo to foster more Canadian commercial and investment activities in Egypt. I have assured the Egyptian authorities that the Government of Canada will do all in its power to expand trade in both directions, ensure that Canadian goods and services -- including industrial technology -- are available to Egyptian buyers on internationally-competitive terms, and facilitate the participation of Canadian industry in Egypt's economic development.

But Egypt remains a developing country, vulnerable to the ups and downs of international markets, struggling to build up its industrial base and expand its social infrastructure in order to improve the living conditions of its citizens and enable them to develop fully



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their human potential. The Canadian Government believes that Egyptians will benefit substantially from current multilateral efforts to transform the world's economic system. Fully supported by the Canadian people, the Government of Canada has steadily expanded in recent years its economic assistance to developing countries.

I have informed Foreign Minister Fahmy that, within the framework of the new international development strategy disclosed last September, active consideration is being given to the provision by the Canadian International Development Agency (CIDA) of bilateral technical and financial assistance for Egyptian development projects. Such development support could be provided in conjunction with other bilateral or multilateral donors. One field might be the electrification program of Egypt. Additionally, I have authorized CIDA to make a contribution of \$1 million to the special account of the United Nations Development Program for the reconstruction of the Suez Canal region. As a result of our discussions, I have invited the Arab Republic of Egypt to send an economic mission to Canada so that officials of both governments may explore the opportunities for development co-operation.

In conclusion, I should like to say a few words on the Middle East conflict. Canada's policy on this extremely complex and tragic dispute aims at balance and objectivity. It also rests on principle. The implementation of this policy has occasionally been questioned by both sides -- a symmetry we find reassuring.

I, therefore, wish to emphasize that our attempts at objectivity do not reflect an unwillingness to take a stand, but rather the conviction that Canadian "grandstanding" would serve no useful purpose and could easily jeopardize the Canadian contribution to the United Nations peacekeeping effort. It was on the basis of principle that in 1956 the Canadian Government deplored the invasion of Egyptian territory and took initiatives, at the United Nations, which ensured the swift evacuation of the invaded territories; it is out of firm conviction that since 1967 we have supported Security Council Resolution 242 and all the principles it embodies. The Canadian Government believes that territorial acquisition by force is inadmissible and that secure and recognized boundaries for all states in the area -- together with respect for their sovereignty, territorial integrity and political independence -- are essential to a just and lasting settlement. Equally, any settlement, if it is going to be equitable and permanent, will have to take full account of the legitimate interests and aspirations of all the peoples of the area, including the Palestinian Arabs.

But Canada is not a party to this dispute; and, not being a great

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power, it has no immediate political interests in the Middle East conflict. The Canadian Government has consistently taken the view that the interested parties themselves should seek a negotiated settlement on the basis of Security Council Resolutions 242 and 338.

These resolutions may not be a complete blueprint for peace; they say little, for example, on the Palestinian question. But we believe that the two resolutions provide an effective framework for meaningful negotiations and state forcefully the fundamental principles that must be accepted by all parties if progress is to be made towards a peaceful settlement.

Canada has been a consistent contributor to United Nations peacekeeping in the Middle East since its inception. At present, we are providing the largest contingent of the United Nations Emergency Force in the Sinai. We consider that, through our participation in the United Nations Emergency Force and in the United Nations Disengagement Observer Force, we are assisting tangibly in maintaining the possibility of a final negotiated settlement. It would be a matter of serious concern to the Canadian Government, however, if it appeared that the relative stability that the United Nations peacekeeping efforts help provide lessened the urgency of comprehensive negotiations in the minds of the various parties.

The Canadian Government regards as a very positive and hopeful step last September's agreement between Egypt and Israel providing for a second Sinai disengagement. The role of President Sadat and his Government in joining with others to achieve this agreement has indeed been an important contribution to eventual peace. While the progress made by both parties in implementing the terms of the Sinai Disengagement Agreement has been encouraging, the Canadian Government considers it essential that the momentum of the painstaking search for an overall settlement be sustained.

When such fundamental issues as security, sovereignty, the fate of displaced peoples, mutual acceptance and recognition are involved, negotiations cannot but be difficult and complex, particularly when compounded by 30 years of strife and bitterness. However, the hope has to be kept alive that it will be possible for the parties concerned, including the Palestinian Arabs, to agree on a settlement. Much fortitude, patience and persistence, as well as respect for the dignity of all, are required; but the implications of failure for the area and for the world at large are so grave and so frightening that all concerned should be imbued with a spirit of compromise and accommodation.





# Statements and Speeches

No. 76/2

## A TIME FOR WISDOM, SELF-DISCIPLINE AND CO-OPERATION

Notes for remarks by Prime Minister the Right Honourable Pierre Elliott Trudeau to the Canadian Club, Ottawa, January 19, 1976

I welcome the debate about the future of Canada that the Government's actions and my words have stimulated.

The truth is that we are living in a new economic era. It is time we faced that truth. It is time we decided how to live with it.

Tonight I should like to re-enter the debate by distinguishing between the real and phoney issues that have been the subject of recent public comments. I should like to discuss with you some of the choices that must be made by all of us as a free people, responsible for our own destiny, and capable of shaping our own future.

Above all, I should like to focus attention on the realities of our times.

The most pressing reality is inflation. The most urgent national need is for all of us to co-operate in making sure that our anti-inflation program works.

An essential part of the program is the search for ways to make the economy work better in the future, when the program is ended -- ways that will prevent a serious recurrence of inflation, promote healthy growth, reduce unemployment, and reduce the need for imposed controls.

In that sense, a good discussion of the problems we know we shall face in the future can be extremely valuable at this time, as long as we keep our feet firmly planted on the reality of today.

If we are seriously interested in adapting our economic system to our present and future needs, it would be helpful if we could agree on the nature of the system we have now. The free-market system, in the true sense of that phrase, does not exist in Canada. I have said that we haven't been able to make even a modified free-market system work in Canada to prevent the kinds of problem we are now experiencing; and that it will do no good to try to create a pure free-market economy to solve our future problems, because that won't work either.

For that, much public comment has accused me of wanting to kill free

enterprise and substitute a system of state control over all economic decisions. That is a phoney issue, because, in the year-end interview that stimulated this controversy, I made absolutely no mention of free enterprise. I spoke about the free market. There is a difference.

The fact is that for over 100 years, since the Government stimulated the building of the Canadian Pacific Railway by giving it Crown land, we have not had a free-market economy in Canada, but a mixed economy -- a mixture of private enterprise and public enterprise. It is precisely because it has been a mixture that we have had the prosperity we have enjoyed.

Moreover, it has been with the support and encouragement of the business community that the Government has continued to enter the market-place to promote growth and stability. Among many examples are the creation of the Canadian Wheat Board, the negotiation of the Canada-U.S. Auto Pact, and the Government's heavy investment in Syncrude.

Until I heard the shrill comments made by some businessmen during the past few weeks, I had thought that the Great Depression of the 1930s had destroyed forever the notion that a free-market economy, if unassisted by governments, would produce by itself the ideal state of steady economic growth, stable prices and full employment.

The Depression convinced most people of the necessity of government intervention on a broad front, in the interests of overall economic stability. It was also recognized that governments had to intervene in the economy to redistribute income, for example, and to make sure that private industry acted in the public interest.

The classic notion, as you know, was that the free choice of the consumer ruled the economy. When pioneer homes in Canada were lighted by candles, for example, it was thought that the choices made by consumers among the products of competing candle-makers would determine the price, together with the proper level of production and employment. Little thought was given to the possibility that some manufacturer might succeed in cornering the market on candles, thus depriving consumers of a meaningful choice; or that a union of candle-makers might achieve monopoly control over the price of labour in the industry; or that shoddy or hazardous candles might be placed on the market and sold to an unsuspecting public; or that an adequate supply of candles might not be made available by manufacturers in remote areas, where profit prospects were unattractive. Little thought was given to the possibility that



the free choice of the consumer might be undermined by misleading or fraudulent advertising, or that the industry and its employees might be threatened by cheaper imported candles.

But times have changed, and all of these possibilities have since happened in one industry or another. All weakened the power of the consumer to rule the economy; and in every case either the consumer or the industry or the union appealed to the Government for help. In addition, there was a constant public demand for the Government to provide needed services not provided by the private sector. The resulting abundance of government controls, regulatory agencies and Crown corporations necessarily altered the free-market economy, as did the emergence of monopolies and quasi-monopolies in both the private and public sectors.

Every reasonable person now recognizes the duty of the Federal Government to manage the country's economy in the interests of all its people and all its regions. That duty carries with it the consequent responsibility to intervene when necessary to stimulate employment, to redistribute income, to control inflation and pollution, to protect the consumer, to promote conservation, productivity and an adequate supply of the things we need.

But, nonetheless, there remain very large sectors of the economy where the free market and consumer choice continue to flourish. A wide variety of choices are offered by, for example, the retail sales industry, the travel and service industries, the clothing industry, and by many thousands of small contractors and independent manufacturers.

And there is no desire on the part of the Government or the people of Canada to impose more regulation on the truly competitive sectors of the economy -- on the small business sector, for example, where free enterprise is strong, where individual initiative, independence and risk-taking are present, where self-reliant men and women continue to build a better life for themselves and their communities by investing their time, their capital and their abilities in ways that add to the strength of Canada and its people.

The preservation and strengthening of the free-market sector of our economy is absolutely central to the Liberal view of the Canada of the future. That is why we reject socialism, which seeks ever greater government ownership and control of the production and marketing of goods; and that is also why we reject corporatism or statism, which seeks to have all important economic decisions made by a formal partnership of big business, big labour and big government.

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That is why, in the last session of Parliament, the Government introduced the Competition Act, which will protect the public interest by discouraging anti-competitive behaviour, and why we created the Small Business Development Bank, which will give greater support and encouragement to the many thousands of small businessmen in Canada.

We have a mixed economy that, in the way it has evolved, has served us very well in the past, and is uniquely suited to Canadian beliefs and values. However, it is not serving us adequately right now, as the gravity of our problems clearly demonstrates. The economy is out of joint, and will get worse if we don't do something about it. But the issue is not whether to throw out our present system and substitute something entirely different. The issue is whether we are prepared to adjust the system, through changes in legislation, institutions and attitudes, so that it will help us to meet the challenges of the present and the future.

The most obvious challenge is that the Canadian economy and the economies of the other free nations of the world are experiencing very serious rates of inflation and unemployment at the same time.

Some would have you believe that the Federal Government has caused these problems all by itself by excessive increases in the money supply, excessive spending and excessive interference in the marketplace. This, too, is a phoney issue. If our policies alone were to blame, why is it that every industrialized country in the free world is in the same difficulty? Why is it that, with a badly-battered world economy, Canada is still performing better than most? It is estimated that our growth-rate last year, although close to zero, was still among the top three of the ten leading countries of the free world. This year it is estimated that our growth-rate will be second only to that of the United States.

Canada's economic achievements clearly result from the combined efforts of the private and public sectors. When things go well, we both deserve to share the credit. When they don't, we both deserve to share the blame. So let's stop wasting our time looking for villains. Let's get on with the job of finding better ways to build a better future. The Number One priority, obviously, is to find better ways to prevent the unacceptably high rates of inflation and unemployment that we now have.

In previous economic cycles, these problems usually surfaced alternately. When unemployment was the major problem, we were able to attack it by stimulating demand for goods and services, thereby stimulating production and creating more jobs.

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When inflation then became the major problem, we were able to keep it within reasonable bounds by reducing demand. The goal, always elusive but always thought attainable, was the creation of price and employment stability within the context of steady growth, through the use of conventional economic instruments.

Those conventional instruments aren't working as well as they used to. The Economic Council of Canada commented recently that "in view of the gravity of the problem, there is a need for other techniques to complement traditional policies".

Arthur Burns, the Chairman of the Federal Reserve Board in the United States, recently expressed the same view when he said: "If an unemployment rate of 8 or 9 per cent is insufficient to bring inflation to a halt, then our economic system is no longer working as we once supposed. In the future, governmental efforts to achieve economic progress will need to encompass structural reforms as well as responsible monetary and fiscal policies."

The inadequacy of conventional techniques is the principal reason why the Government had to intervene in the economy so drastically in October with the imposition of income and price controls. The control period will not only help us to reduce the rate of inflation but will also give us the necessary time to reform our economic institutions, our attitudes and public policies. The nature of that reform is the subject of the debate in which we are now engaged.

The gravity of the problem is not defined by inflation and unemployment alone. There is also a need for structural and rather basic changes in the way we seek to ensure an adequate and reliable supply of the energy and food that are needed in increasing volume by ourselves and the people of other nations.

We need better ways to control pollution and urban congestion, to reduce the human and dollar cost of traffic accidents -- better means of improving the lives of low-income families, improving labour-management relations, balancing the competing power of big business, big labour and big government.

So let's take a closer look now at some of these problem areas, to better appreciate the nature of the challenge we face, the nature of the opportunities we have to prove once again that Canada, when challenged, can respond with strength, unity and confidence.

Solving Canada's energy-supply problem is a matter of critical concern to the Government, and must become a concern of every Canadian.

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The future is extremely uncertain. Our known reserves of oil and gas are more limited than was estimated five years ago. If we do not make new discoveries, we shall be able to avoid shortages over the next ten years only by a much greater dependence on foreign suppliers.

There is one way in which every Canadian can help to lessen our energy problem. That is by reducing personal consumption and wastage of energy, so that the nation's energy demands will not continue to grow at the reckless rate of recent years. In addition, the Government might have to encourage industry to reduce its consumption -- by producing longer-lasting consumer goods, for example, so that we shall use less energy and fewer materials to replace or repair the things we buy.

We stand second in the world in *per capita* consumption of energy, largely because we squander it in a manner that betrays no recognition of the reality that is staring us in the face. Conservation and much more careful stewardship of our resources must surely be prominent characteristics of the new society we need to create.

Pollution-control has been frustrated, up to now, by "buck-passing" among governments, industries and individual citizens. In addition, we have allowed ourselves the complacency of measuring the problem solely in terms of the dollar cost of cleaning it up. It is becoming clearer every day that we must become more sensitive to the true cost in terms of ill health and long-lasting damage to nature and to the quality of our lives. We must begin right away to appreciate the growing seriousness of the problem, become more willing to accept our share of the responsibility, more receptive to the need for basic change in some old and familiar industrial and personal habits. Here is a very real opportunity for individual citizens and organized groups to help bring about change by putting pressure on industry, and on governments at all levels.

Motor-vehicle accidents in 1974 caused over 6,000 deaths and more than 230,000 injuries in Canada. The dollar cost is estimated at \$1.3 billion in property damage, another \$1 billion in lost work-time, \$250 million in medical bills. Slower speed limits, the compulsory use of seat-belts and stricter control of drinking drivers might reduce the death and injury rate by as much as 50 per cent. If we agree that we cannot afford such a scandalous waste of people and resources, then we must consider accepting a more reasonable balance between our freedom to own and drive a car, and restrictions on the way we use that car.

We have yet to achieve a proper balance between the public interest

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and the growing size and power of some corporations and some labour unions. A very high priority for this country must be to find a way to settle labour-management disputes with justice, while at the same time avoiding the enormous loss of productivity that strikes are now causing.

The size of governments at all levels, and the impact of their size upon national productivity, cannot escape the spotlight of re-examination. I believe all Canadians want their governments to have adequate strength and power to protect the public interest, and that, therefore, the legislative and regulatory aspects of government activity might well have to increase in the future. But I see no intrinsic reason why governments should stay forever in the business of providing some services that could be provided by the private sector.

No discussion of the challenges we face would be complete without recognition of the fact that the world continues to rest uneasily on the brink of major disasters that could result from a shortage of food. The hungry nations of the world look hopefully to Canada as one of the major suppliers of the food they need. One of our great strengths as a nation is our ability to produce a great abundance of food. That ability confers upon us a unique opportunity to make a major contribution to social justice and political stability in the Third World.

Yet we continue to satisfy our own protein requirements in luxurious and wasteful ways. For example, among the practices we might have to reconsider in the future is the fact that, in company with a very few other wealthy countries, we feed grain instead of grass to some of our cattle in order to achieve a more pleasing meat flavour and texture.

Much of the protein value of the grain is lost in the process. It is simply wasted. Yet, for lack of protein, millions of people in other countries face the daily prospect of malnutrition and starvation.

How long can our consciences ignore the suffering of other human beings? How long will a hungry world tolerate the unthinking and habitual waste of limited food resources? How long can we close our eyes to the international responsibilities imposed upon us by our own wealth and others' needs?

All of the problems I have outlined are very real. All are urgent. All call for an immediate start on a national reassessment of our values, our economic institutions, and the way they serve society.

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Some extreme free enterprisers have suggested that our best hope for the future lies in the creation of a true free-market economy, a market system designed according to economists' models of perfect competition. I believe they are wrong.

Such a system would involve, for example, the breaking up of some of our giant corporations and unions. Do we really want to do that, even if we could? Before you say "yes", ask yourself how Canada could be largely self-sufficient in steel, for example, if we didn't have some very large steel companies capable of amassing the enormous amount of capital needed for the job, the sophisticated technology, the managerial experience and skilled labour force. We need some large corporations, because of their efficiency, because of their unique ability to do the jobs that need to be done, because of their ability to sustain and increase our export trade.

The problem is not the existence of monopolies or quasi-monopolies in certain sectors of our economy. The problem is how to ensure that their power is used in the public interest, and is directed toward the achievement of national goals.

In that context, the issue before us is to what extent we shall be controlled by government regulation, and to what extent we shall be controlled by our own sense of responsibility. I think we all favour as little of the former and as much of the latter as is humanly possible.

Government, too, has to act more responsibly; and part of its responsibility is to learn to say "no" more often and more effectively, just as it is part of the responsibility of the citizen to restrain his demands for new grants or improved public services the nation cannot afford.

If we want or need to spend more in one area of the economy, we'll have to spend less in others. Hindsight permits the judgment that governments over the past 20 years have not insisted strongly enough on such a "trade-off" -- have not insisted that, if people demand and receive benefits like higher pensions and medical insurance, for example, we must all pay the cost by accepting either a lower level of services in other areas or, alternatively, a slower rate of increase in our individual standard of living.

If we all prefer to act from free choice rather than coercion, to accept responsibility rather than endure government regulation, then I should expect the unions and corporations, for example, to tell us how they propose to restore peace and stability to the collective-bargaining process when the control period is over, and

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how they propose to start right now to work in that direction.

I would ask the executives of corporations whether they are prepared to accept the social consequences of their decisions. When an industry causes pollution, for example, is it the industry's responsibility to clean it up and prevent it from happening again? Or is that the Government's responsibility? If the latter, how is it to be done without increasing government spending and regulatory power, to both of which the private sector takes strong objection?

I would ask private industry whether it is prepared to act voluntarily to distribute economic opportunity more equitably across the nation, through decisions on plant location, and whether it is prepared to encourage energy conservation.

For example, will the automobile industry decide to produce cars that achieve better mileage from a gallon of gas, or will the Government have to force that decision through greater control of the industry? The job must be done. Who will do it?

I would ask the trade union movement what steps it is prepared to take to ensure a better balance between wages and productivity, and thus help to reduce the rate of inflation.

There can be no debate about whether Canadian consumers should waste less food and energy. It must be done. How will it be done? Through individual responsible decisions, or through government control?

What I am attempting to demonstrate is that Canada faces enormous challenges in the years ahead, and that our ability to meet these challenges will depend primarily on our willingness to adapt our attitudes and habits to the facts of life. Our greatest hope lies not in new laws or greater use of the power of the state, but in ourselves, in the capacity of each of us to adopt different social and economic values in response to the new reality of our times.

The action has begun. We have introduced an anti-inflation program that will give us the time to make choices. We have a breathing space that will enable us to rethink our ways of doing things, while the income and price controls prevent us from further indulgence in self-damaging activity.

The Government, too, has a responsibility to use the next few years to help bring about, in discussion with Parliament and the people, the social and economic reforms that will enable Canada to emerge from the control period with a renewed sense of purpose and confidence.

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The Government is continuing to define its specific policy options, in developing alternative ways of attacking such problems as industrial and regional growth, the price and supply of energy, labour-management relations, international economic relations, food policy, income distribution among individual Canadians and among regions of Canada, and the relation between government and the private sector.

In attacking these problems as Liberals, our strong preference is to find solutions which give people the incentive to decide freely to do what must be done -- rather than solutions which impose penalties on those who act irresponsibly.

This is a time for wisdom, for self-discipline and co-operation. We have the opportunity to enjoy the most valuable gift of a free society, the right to make our own choices about our own future. This is also a time for hope.

I am full of confidence that a people whose forebears created this nation out of the wilderness, a people that has overcome the severe trials of a great depression and two world wars, a people that has united to build one of the world's great democracies, will unite once again to meet the present economic challenge in a manner worthy of those who will inherit from us this fortunate land.





# Statements and Speeches

No. 76/3

## A NEW ERA FOR CANADA'S ARMED FORCES

An Address by General J.A. Dextraze, Chief of the Defence Staff,  
to the Conference of Defence Associations, Ottawa, January 16, 1976.

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In my talk today, I intend to review the following developments which have occurred since our last gathering: Financial prospects for the present and future; progress in the Defence Structure Review; possible new force posturing; current thinking concerning our forces in NATO Europe; and the reserves.

The source of the majority of problems plaguing the Canadian Forces has been budgetary restraints and inflation. In very simple terms, during the decade from 1965 to 1975 the number of dollars allocated to DND [The Department of National Defence] has almost doubled. However, the price of what we require to continue operating has more than doubled. Today we can purchase only about 75 per cent of the goods and services we should have bought ten years ago. Furthermore, the cost of paying personnel has risen from 55 per cent of our budget ten years ago to 65 per cent today; but the recent Cabinet decision on long-term funding should result in a decrease. The result, of course, was that we have had to reduce our numbers in uniform accordingly. But, even in spite of the personnel reductions, we have also had to reduce our capital spending to meet personnel costs. This reduction in capital over a period of time is what has hurt the Canadian Forces most in recent years. Our equipment has become dated, and in some cases obsolescent.

What have we done about this situation? Obviously, as CDS, I need a clear picture of the full scope of the tasks of the Canadian Forces and the amount of "real" money I can expect to receive on a continuing basis to meet those tasks.

In the fall of 1974, we received our funding level for fiscal 1975-76, which resulted in a reduction to a manpower allocation of 78,000. At that time, I advised the Minister that we could not reduce below that assigned level without running a grave risk of being unable to carry out all of our assigned tasks, as well as of denuding the Canadian military profession to an unacceptable point. I also stressed that, if we were forced to accept any further loss of basic combat capability, that loss should be in response to basic defence-policy objectives and not just current budgetary objectives. This was a

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fundamental issue, which resulted in the Prime Minister's deciding that a review should be undertaken of the tasks required of the Canadian Forces, the effectiveness and optional levels of effort at which these tasks could be performed, and the organization and resources necessary to do the job. I want to emphasize that this Defence Structure Review was Cabinet-directed. It was established under the direction of a steering committee chaired by the Secretary to the Cabinet, and comprising our Deputy Minister, the Under-Secretary of State for External Affairs, the Secretary of the Treasury Board and myself.

The steering committee decided to have the review conducted in three broad phases, which would be addressed separately by the Cabinet. The first phase defined tasks the Canadian Forces must perform based on current foreign and defence policy. The Cabinet was invited to accept or modify them on the basis of the rationale developed from the foreign policy review of 1970, the Defence White Paper of 1971 and other Government policy papers. After review, Cabinet accepted the 55 tasks that were presented to them as a basis for further study, and directed that we proceed with Phase II.

The second phase of the review examined optional force structures that provided various levels of effort in meeting the tasks set out in Phase I. The structure of the options was based on tasks requiring a combat capability. The residual capability within the options to conduct sovereignty and peacekeeping tasks were identified so that later "add-ons" could be made to the option selected to ensure that the Forces could undertake all our assigned tasks. You would agree, I hope, that our basic structuring had to be based on hard operational needs. Phase II of the review was just recently completed, and you should be aware that the Minister has advised NATO of the decisions that affect the Alliance.

We are now at Phase III of the review. This phase will be a total package presentation that will include the command and control, logistics and training infrastructure required for the selected force model. In addition, Phase III will recommend a military plan on how the force model may be most effectively "postured" to fulfil our roles in the most efficient manner possible.

I mentioned a few minutes ago that the source of our problems over the last decade has been instability caused by inflation and budgetary restraint. The DND financial picture is now much improved. Recently, the Government announced that our budget would be increased as follows: personnel, operations, and maintenance would increase annually to compensate for the effects of inflation. For capital-equipment procurement expenditures, the Government has agreed,

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beginning in the fiscal year 1976-77, to increase our capital budget by 12 per cent in real terms over the next five-year period. These increases will be computed from an initial base of \$470 million. What this means is that our capital budget for 1977-78 will be \$470 million plus the inflation percentage for the year plus 12 per cent. This will go a long way towards giving me the money I need to buy new equipment.

No doubt you have heard that some of these purchases have been identified. Others will follow. For example, the Government recently announced the decision to purchase 18 Lockheed long-range patrol aircraft of a version significantly advanced beyond the current P3C *Orion*, and we expect to make a decision by June 1976 on which tank we should buy. Also, we have begun to examine the detailed requirement for a new fighter aircraft and a ship-replacement program. All of this equipment, and a multitude of less expensive items, will fit into the financial envelope the Government has approved.

However, there is a rider in our capital contract with the Government. You will recall that the calculations for increases are based on the figure \$470 million for 1976-77. Here's the rider -- I must find the initial outlay of money required by the purchase of a new long-range patrol aircraft and tank from the non-capital part of my current budget. This may amount to a total of \$50 million and will form part of the 1976-77 capital budget of \$470 million. This is not an easy task, and I have not yet identified all of it. However, I have directed that the money must be found. We shall cut our costs by making "in-house" economies, further drastic cuts in travel-funding, severe cuts in our activity rates, further energy-conservation measures, disposal of surplus assets, and a number of other money-saving expedients. Although I should have preferred not to have to take these steps, I must be a realist. The Government is fighting a battle with inflation that must be won. This battle concerns all of us. The Government has prudently decided that the defence budget cannot be reduced, and we must help as much as we can. That means we must get full value for every dollar we spend, and we must save dollars wherever we can. This leads me to what I consider as Phase III of the Defence Structure Review.

This phase will include my recommendation to the Minister on how the forces may best be "postured" to execute our tasks. Of course, this matter has been examined concurrently with Phase I and Phase II studies, and hence we shall be ready very shortly to present my recommendations to the Minister. I shall give you my current thinking on one of our possible future postures in a few minutes. But first -- what is our current position? At present we have too many house-keeping units -- that is to say, too much tail and not enough teeth.

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The result is that it's costing DND millions of dollars to keep some bases that are not needed to do the job efficiently and effectively. Just as important, these bases must be manned by personnel who could otherwise be employed in "sharp-end" units. I intend to recommend to the Minister that a number of bases be either closed or reduced in size. Most businesses in today's economic climate are examining their posture in the same way. In this fashion, I shall save on operations and maintenance costs, as well as identify surplus establishment positions, which may then be transferred to where they are now urgently required.

The Cabinet may not necessarily accept all of the base-closure or -reduction proposals recommended. This is understandable, because my recommendations will be based on purely military requirements, without regard to the other factors that must be considered by the Government. However, if, for these other reasons, the Government does not accept all my proposals, then, of course, I am sure they will be prepared to adjust the Department's budget so that we can maintain the operational capability agreed on.

I should like to mention one further point on this subject. I've seen a lot of criticism in the media to the effect that our regular force 78,000-man establishment is too small for the needs of the country. Of course, as CDS I should like to have 780,000 men, but I'm a realist. The fact is we have 78,000 men and women now. I believe I can properly serve the country with only a minor increase.

Simply stated, I need about 1,500 more men at the "sharp end" of our Forces. But I cannot go to the Government and say "Give me an additional 1,500 men" until I have done everything possible to ensure that we are using every man in the most efficient way possible. That is, I must eliminate the merely desirable and keep only the essential functions fully manned. If I find, after I have done this, that, for example, 500 more men are still needed, then I shall approach the Government to advise them of our additional requirements. I am confident that they will respond favourably to my request.

Now I should like to share with you some of my thoughts on how the forces could be "postured" more efficiently. Before I do, I should remind you that these are matters that are under study and that these studies are not complete. Already some of the options have been well presented in the press and on television over the past month or so. What I shall be discussing are variations on these options (and I shall be quite prepared to discuss any ideas you have in the question period after).

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I intend to cover this part of my talk in three phases. First we'll look at Canada and our requirements at home, next Europe and the NATO picture, and finally our peacekeeping responsibilities.

## Canada

First, our Canadian navy. I see no major changes in our navy. It will continue to have its headquarters at Halifax, with a subordinate HQ at Esquimalt. At present, we are developing a 20-year ship-replacement program based upon the requirements for the tasks we have now as well as those tasks we anticipate having in the future. Of course, the size, weight and speed of our replacement ships will be affected by our analysis of these tasks. There will, of course, continue to be combat ships, which will contribute to collective defence.

## The Canadian air force

Air Command HQ will remain in Winnipeg.

I see no major changes in the air-transport, maritime-air or air-training activity.

On the air-defence side, we must maintain the integrity of Canadian air-space but, as the Minister announced, we are no longer concerned about providing protection against massive bomber attacks, although we must have a complete capability to deal with air probes. Accordingly, we shall be maintaining our radar-surveillance and fighter-interceptor capability so as to prevent a "free ride" from intruders.

On the fighter side, I believe that we can fulfil national requirements from two major bases, one in the East at Bagotville and the other in the West at Cold Lake. Inherent in the proposal is the necessity for a modern fighter aircraft with sufficient range, combat manoeuvrability, and weapons-payload capacity to do the job. In my opinion, there are new aircraft capable of meeting this requirement that are available now, that could be bought "off the shelf", and for which production-sharing arrangements could be concluded. As an example, one simply has to look at the F14, the F15 or the F16.

I should prefer not to go into any further detail on aircraft at this time, since we have only just begun to refine our new fighter aircraft requirements.

Of course, in addition to the two main fighter-bases, I should need some dispersal bases for these aircraft, one of which should be in

the Arctic above the Sixtieth Parallel. As each day passes, I see an increasing need for an Arctic base, not simply to support the fighter but primarily to open the North by providing the infrastructure to attract commercial interests and to allow a physical presence on the ground through which our sovereignty may be visibly exercised. I see this base being developed under a federal "umbrella" and jointly financed and administered by all federal departments with active northern interests. It would have to be capable of accepting jet-powered aircraft year round, as well as providing harbour facilities for as much of the year as possible. We recently began interdepartmental consultations; however, it is too early to discuss this matter in this forum.

#### The Canadian army

I see the army being affected most. At present we have four formations in Canada consisting of three combat groups and the Canadian Airborne Regiment. Two of these are located in the West, primarily in Alberta. My two major problems with the current army posture are that it could be better balanced geographically, and that I do not have enough people to fill the "sharp-end" vacancies that exist. I could correct these problems in a number of ways. Something along the following lines could work well:

The Airborne Regiment could be relocated and form part of the order of battle of another formation.

We should then have three, rather than four, major army formations in Canada, each with integral supporting arms and services, as follows:

(a) Brigade West

The headquarters would probably be located in Edmonton, with major units in Victoria, Calgary and Winnipeg.

(b) Brigade East

Headquarters at Valcartier, major units located at Gagetown [New Brunswick], Valcartier and The Citadel [Quebec].

(c) Regimental Combat Group Centre

Here I see the formation of a highly mobile, rapid-reaction formation, with its headquarters at Petawawa [Ontario]. It could consist of an air-landed battalion and a major airborne unit formed from the current Canadian Airborne Regiment, in which there would be: an RCR [Royal Canadian Regiment] Commando,

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a PPCLI [Princess Patricia's Canadian Light Infantry] Commando, and an R 22e R [Royal 22nd Regiment] Commando. This airborne unit could be located either at Canadian Forces Base, Camp Borden or Petawawa.

In the hypothetical "scenario" I have just painted, I see 3 Mech Cdo (the Third Mechanized Commando) in NATO being replaced by one of the battalions in Canada. What are the advantages of such a posture? Most important, though total numbers have not changed, this option would give me nearly 1,000 establishment positions to use to bring all my units more nearly up to full peacetime strength. In addition, though a formation would be lost, the geographic balance of the army, with the rapid-reaction force located in the centre, would increase deployment flexibility.

#### National Defence HQ

I have directed that NDHQ reduce by 10 per cent. This means that a total of about 700 military and civilian positions will be available for redistribution to the commands. These NDHQ positions will be identified by April 1, 1976.

#### North Atlantic Treaty Organization

Looking to Europe, I should now like to talk about our NATO Forces stationed in Germany. With its headquarters in Lahr, Canadian Forces Europe consists of 1 Canadian Air Group, 4 Canadian Mechanized BDE [Brigade] Group and Canadian Forces Base Europe. Units within these formations are located at Lahr and Baden Sölingen. The total force consists of about 5,000 all ranks.

#### 1 CAG [Canadian Air Group]

At present the Air Group consists of three squadrons of CF-104 aircraft armed with conventional, not nuclear, weapons. The 104 is a good aircraft. We, like other NATO nations, hope to keep it operational until the early or mid-1980s. As I mentioned earlier, we have begun to study the requirements for a new fighter aircraft. Ultimately, I should like to see the operational capability of the CF-104, the CF-101 and the CF-5 replaced by a single new fighter. Thus we could standardize spare parts, training and armaments requirements and, at the same time, save millions of dollars in annual operations and maintenance costs. This would provide the Government a flexibility in the application of policy that specialized types of equipment do not permit. The selection phase will be very thorough. I anticipate that it will cost over \$1 billion to procure the type and the numbers needed. The fighter we buy must meet the military requirement.

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#### 4 CMBG [Fourth Canadian Mechanized Brigade Group]

Let us now turn to our NATO Brigade. A fighting brigade equipped and manned for war must be organized at the fighting echelon as follows: three infantry battalions of four companies each; an armoured regiment with three tank squadrons; an artillery regiment with three batteries of eight guns each; and a squadron of combat engineers with three field troops.

4 CMBG does not have all of the elements I have just listed. Rather, the fighting echelon of 4 CMBG looks like this: two infantry battalions of three companies each; an armoured regiment of two tank squadrons; an artillery regiment with three batteries of six guns each; a squadron of combat engineers with two field troops.

One must not surmise that 4 CMBG is not a credible force, which could not be "fielded" into battle. Quite the contrary. Man for man, we are second to none. However, history and our experiences on past conventional battlefields have demonstrated that, if one is to fight and expect to survive, one must be organized to fight with a credible war establishment. 4 CMBG in its present configuration will require augmentation if it appears that it is about to be committed to action. The Government recognizes this fact, and has taken the necessary steps to resolve it. To begin, sufficient tanks, guns, vehicles and weapons will be pre-positioned with the Brigade to bring its equipment establishment up to the following strength: an additional company for each of the two infantry battalions; an additional squadron for the armoured regiment; an additional six guns for the artillery regiment; an additional field troop for the engineer squadron.

I plan to deploy for exercises, on a regular basis, trained troops earmarked in Canada to man this equipment. In addition, I shall have a mechanized infantry battalion in Canada trained and earmarked to form the third battalion in 4 CMBG. If the situation dictates, the Government will have the option to deploy this unit by air. With these plans, I am sure you will agree that the Brigade will have the resources it will require to fulfil whatever task it may be given.

#### Base Europe

Base Europe is organized in peace to provide housekeeping and administrative services to 1 CAG and 4 CMBG. In war, the base will have a very important role. It will be primarily responsible to receive and distribute national third-line supplies and equipment that are not available to the Brigade and the CAG through NATO sources.



The Base as well must receive personnel augmentation from Canada to fulfil its war tasks. We have contingency plans to deploy the required augmentees.

Because the Brigade will be deployed well away from the base area in time of war, I foresee a horrendous traffic-control problem in the rear area seriously aggravated by refugees. In all probability, the Base will have great difficulty in moving supplies by road or rail to 4 CMBG. I intend to alleviate this problem by recommending the deployment of *Chinook* helicopters to the Base. These helicopters have an excellent heavy-lift capability, of about 12-15 tons, or they may also be used to transport up to 45 troops. I am confident that this addition would give both the Base and the Brigade the added flexibility they will require to ensure that critical requirements are delivered when and where they are needed.

I want to re-emphasize at this point that the ideas I have shared with you are some of the options that must be studied before I submit my recommendations to the Minister by April 1, 1976.

#### N peace-keeping

We have over 1,700 people, including reserves, serving with distinction on United Nations duties round the world, but primarily concentrated in the Middle East and Cyprus. Our peace-keepers provide a valuable service, and we may be justly proud of their contribution towards the preservation of world peace and stability.

However, it should also be recognized that maintaining our UN commitments creates a considerable strain on our personnel resources. This is particularly evident when one looks at our force in the Middle East, where we are responsible for providing the administrative support to the UN force, which totals 5,800. The result is that I have over 900 specialists serving in that theatre. These men and women are drawn from units across Canada. They are not replaced during their six-month tour of UN duty. This hurts. We have eased the burden by cross-training at home, but this too costs time, money and manpower. At present we are looking into this problem, and we hope to have recommendations in the near future to present to the Minister for consideration.

To this point, I have hardly mentioned the reserves. The primary role of our reserves is to support the regular force. It has been my aim to integrate our reservists as much as possible with our regular force. I have directed that the reserves be manned at a level of about 20,000. My aim is, initially, to improve their quality and not their quantity. In order to do this, I have in-

creased the size of the regular support staff to about 1,150 positions across the country. Wherever possible, reservists have been integrated with the regular force both on training and operations. For example, 470 reservists were flown to Germany last summer to participate in NATO exercises with 4 CMBG. We now have about 120 men and women serving with our contingent in the Middle East. As well, I have authorized the limited use of reserve personnel for service with our troops in Cyprus. There were also approximately 300 naval-reserve officers and men at sea on both coasts in operational ships during 1975. It is my intention to dress, equip, train, employ and pay the reserve force similarly to the regular force.

We are also working on a submission to the Minister that, if approved, would guarantee job protection and leave of absence for reservists participating on call-out training.

I am a firm believer in the total force concept. More than ever before, we need a strong and credible reserve force, ready to step in to fill the gaps whenever required. I think that, through our current level of effort, that goal will be achieved.

Before I conclude, there is one important announcement I wish to make concerning our air reserves.... I intend to recommend approval of the formation of an Air Reserve Group headquarters, which should be co-located with Air Command headquarters in Winnipeg.

This new headquarters would be the focal-point for all matters common to the air reserves, excluding operational control, which will continue to remain with the appropriate command groups.

This small air-reserve headquarters would be staffed by reserve and regular force personnel....

Since the formation of Air Command headquarters last year, we have found that an essential link is missing between the regular and the reserve air forces. Despite this lack, the total force capability of the air reserves today has been significantly increased as promised by the Minister a year ago. This new headquarters would provide the link to integrate the command, control and administration of our air reserves into Air Command.

I have attempted to be frank and informative. Before I accept questions, I should like to leave this thought with you. For the first time in a long time, we are beginning to achieve stability. I believe that both the Government and the people of Canada understand and support our requirements. The Canadian Armed Forces entered

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into a new era last year which marks only the beginning of a five-year plan that will, through our "reposturing" and equipment modernization, permit the Armed Forces to achieve greater stability....







# Statements and Speeches

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No. 76/4

## CANADA AND THE EEC -- FURTHER THOUGHTS ON THE CONTRACTUAL LINK

An Address by Mr. Marcel Cadieux, Head of the Mission of Canada to the European Communities, to the Canadian Pulp and Paper Association, Montreal, January 27, 1976.

I am grateful to you for having extended to me an invitation to address you on this occasion and under such auspices and in such distinguished company.

You may know already that I am always delighted to return to Montreal, which is my home town. This is where I was born and brought up. For an important period in my life, Montreal was my world. I moved next to Ottawa, but that is a different story.

I am very happy also to discuss with you my current assignment to the European Community, a matter of deep personal interest to me, naturally, but one that I believe is important to our future as an independent, united and prosperous community.

On this occasion, I assume that you are familiar with our Third Option, with the reasons for our policy of diversification. In essence, it is an attempt to achieve a better equilibrium in our external relations. We are seeking, as a matter of deliberate Government policy, to expand our relations with our major trading partners. While Canada will, of course, continue to pick up what business we can with the U.S.A., we think that we can do relatively better with Europe, with Japan, with the developing countries. If the plan works, we should achieve a somewhat different and better balance, but at a higher level.

Today, I propose to deal briefly with three more specific points:

- a) Where are we in the negotiation of a "contractual link" with the European Economic Community (EEC)?
- b) What is the significance of such a "link" in terms of our economic and trading prospects?
- c) What are the implications in terms of our trade in forestry and pulp-and-paper products?

As to my first point, the contractual link -- to simplify matters somewhat, I can report that we have completed roughly two-thirds of

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the job.

The first phase, or the first third, required an agreement between the two entities, the EEC and Canada, to seek to establish closer links in the economic and industrial field and to seek to promote this objective through a formal agreement. This was done in the course of the spring and early summer of 1975. After consultations with Canada, the Commission recommended to the Council, which agreed in principle, that the EEC and Canada should provide a legal basis, a contractual framework, for their co-operation.

We then came to a second phase, which took another six months, for the Commission to reach agreement and to propose to the Council the broad mandate it required to negotiate with Canada. Before an instruction to develop the specific terms of an agreement could be approved by the Council, not only had the matter to be considered by the Commission experts but member countries had to be satisfied that they were in agreement.

There were a number of problems.

As to substance, there is the perennial issue whether EEC member countries agree to expand the jurisdiction of the Commission. They have to ask themselves whether the scheme will be effective, and they have to consider the precedent that may be created. The proposed agreement with Canada is the first of its kind, linking the Community to a developed country. The formula accepted in the case of Canada, it was readily appreciated, could well serve as a pattern for similar arrangements later on, with, say, Australia or Iran, not to mention some of the planned-economy countries in Eastern Europe. But Canada and the Community and all its members were agreed on the same basic objective -- to expand our economic and trading relations. The keen, shared desire to achieve this objective made it possible, in the end, to overcome jurisdictional, theoretical or theological hesitations. Broad agreement as to the substance, general purposes and outline of the operation was soon achieved.

There arose, however, a procedural problem. At this stage, the dividing-line between the jurisdiction of the Community in this area and that of member states is not clear, and it may move in the future. To ensure that our understanding will cover both the present and future jurisdiction of the Community and to commit fully both the Community and member states to the operation, the suggestion was made that the Community and its member states, on the one hand, and Canada, on the other, should sign the agreement. This would have been a mixed as opposed to a simple and direct Canada-EEC arrangement. We considered the alternatives. We came down in

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favour of the simpler formula. We made our preference known to our friends. The Commission shared our views, and very soon a consensus developed as to both the substance and the procedure that would be involved. This went to the Council as an agreed item but, as some of you may have read, Denmark has reserved its position and so final Council approval has not yet been given. We are, however, hopeful that this will be achieved in February.

Now we are getting ready for the third and last phase. Canada and the Commission will work out *ad referendum* the details of our agreement. When the lawyers and the other experts have reached agreement on the terms of the contract, the whole understanding will have to be considered at the political level. On Canada's side, Cabinet approval will be needed. Things are more complicated for our EEC partner. The Commission reports to the Council, and the Council refers the proposal to the Permanent Representatives; if they concur, the Council may seek comments from the European Parliament. If the Permanent Representatives or the Parliament suggest any changes, we are back to the negotiating table. But, in due course, if both the Canadian Government and the EEC Council reach agreement, provisions are also agreed to as to the site and other formalities related to the formal signature of the contract. This can take some months, but the end is in sight and I am optimistic as to the result. In short, the marriage itself is not in question but there may be some haggling as to the terms of the contract.

I come now to the impact such an agreement can have.

Granted, we could do a lot without an agreement -- but I put it to you that all we can do without one we can do more easily and more effectively with one. Such an agreement records and strengthens the political will of the two entities involved to achieve a mutually-shared objective.

Naturally, such an agreement will not change the situation drastically and overnight. It will work gradually, and to the extent that all concerned co-operate and make a sustained effort to achieve the objective.

I may add, in passing, that the whole arrangement is intended to supplement and complement our relations with our other partners. Whatever measure of success we achieve in one area is not to be at the expense of what we do in another. Our efforts in each area are to be mutually supporting, and such as to make us more effective, more attractive, to all our important economic partners.

This is particularly the case in regard to the country that is, and

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seems likely to remain, our most important trading partner -- the United States (where I was, as you know, Ambassador until my assignment to the EEC last summer). It is true that the main objective of our policy of diversification is to strengthen our independence through an expansion of our external relations. It is also true that such a course is fully compatible with our policy of friendship with the United States; indeed, it is aimed precisely at reducing such frictions and problems as may have arisen as a result of the overly-high profile of Canada/United States relations in the past. Good relations with the United States can only benefit from a better balance in our external posture. But, in any event, our aim is not to reduce trade, economic and financial relations with our powerful neighbour to the south but to achieve a different and better balance at a higher general level of exchanges with the United States and our other partners.

Naturally, the Federal Government will do its best to promote this policy and achieve closer relations with Europe. Already we enjoy an impressive network of connections with Europe, whether in bilateral or institutional terms. It may be that, to achieve the full potential of the agreement, the possibility of state action will have to be explored. There is, for example, the awarding of contracts. The Government may help in disseminating information, both here and in Europe, regarding opportunities. Liaison between interested groups may be facilitated. In addition, provincial governments have an important role to play in developing closer links with Europe. Only recently, important provincial initiatives have been taken in this area, clearly supporting the federal policy.

Then, of course, both governments, as is natural in a free economy, will expect private enterprise to take advantage of the new opportunities that closer co-operation with Europe can provide. After all, Europe is the world's major market; if we wish to expand our links, we enjoy many advantages. Here the governments can show the way, open doors, give encouragement, but the main task must remain where it has to be under our system.

As one way of facilitating these developments, the Canadian Government has begun a program of fostering economic and industrial co-operation, *inter alia*, with the European Communities and their member countries. This has included, from the European end, missions dispatched to Canada in the fields of forest products, uranium and non-ferrous metals. In parallel, the Government has begun exploration, in consultation with both our European friends and Canadian industry, of other sectors that may be susceptible to enhanced industrial co-operation. In the short term, we wish to identify, on a sector-by-sector basis with individual states, areas of industrial



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compatibility and complementarity; secondly, to exchange views with other countries to gain an insight into how they deal with problems affecting industrial performance resulting from national and international developments, and, thirdly, to identify opportunities for industrial co-operation. In the longer run, we hope to give a new thrust to trade and economic co-operation with our major trading partners and bring our international economic relations into close alignment with our national goals.

I should now like to say a few words on your specific interest -- pulp and paper. Most, if not all, of you will be aware of the European Communities Forest Industries Mission that visited Canada in October 1974, and of the fact that a Canadian Forest Industries Mission will, in its turn, visit EC member countries within the next several weeks. While we learnt many things from the Europeans, both the EC officials and private businessmen, the point that came through most emphatically was the need for the European industry to find a secure source of raw material for the paper industry. This raw material, of course, is pulp, mainly bleached sulphate. The reason for their interest is obvious -- the Scandinavian countries, long the major supplier of pulp-and-paper products to the European Communities, have, in relative terms, been shipping less pulp and more paper to The Nine. To give you some idea, Sweden, Finland and Norway, between 1958 and 1974, did not quite double their shipments of pulp, while, during the same period, shipments of paper and paper-board increased almost four and a half times. The figures for Canada are interesting. From 1958 to 1974, pulp shipments increased almost eight times, while paper and board shipments since 1961 have not quite doubled.

I am fully aware of the fact that there is a school of thought within your industry that feels that pulp is a product with a degree of value added that makes it very profitable to export. This idea I am not about to argue with. However, it appears to me that there is room to increase our share of the market for paper and board products, particularly for those volume lines that could be economically produced in Canada. Obviously, economic and commercial considerations prohibit the marketing of all grades of paper in Europe. However, let me suggest that market penetration need not be accomplished by exports only. Canadian investment in European manufacturing facilities should be given serious thought. I know that several Canadian firms in your industry are already involved with European companies, but there is room for more involvement if it is competently searched out. The fact remains that the European paper industry, in general, is in need and, in some cases, in dire need, of rationalization, modernization or restructuring. This was pointed out in a document prepared by the Commission of the European Communities almost two

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years ago and, while the current economic situation has forced the closing of some of the more inefficient mills, the situation is basically unchanged.

So, to return to the third point of my introduction -- that is, what are the implications of the contractual link in terms of our trade in pulp-and-paper products -- I would say that we can foresee this relation between Canada and the Communities providing an umbrella, or, perhaps more appropriate, creating an atmosphere in which not only commercial transaction but also, for example, joint ventures and investment, can be looked at, discussed and negotiated with more confidence. Do not misunderstand me, however. This link will not give Canada preferential treatment. It will allow formal discussions to take place on a [Federal] Government-to-Community level, during which subjects such as restrictions or obstacles to trade or investment can be discussed. In other words, not only will mutual trust be created between the two parties but also we, on our side, can indicate that we feel the European Community market is an important market for Canada and one in which we fully intend to participate.

I am impressed with what I know about the Canadian Pulp and Paper Association. Through the officials of the Association, many factual and informative briefs have been presented to the Federal Government for their use in various negotiations. I am also aware that your officials also visit Europe on a fairly regular basis. I have spoken about Government-to-Community communication and, obviously, company-to-company negotiations or discussions are taking place regularly. I understand that it has been difficult to get officials of the European Confederation of Pulp, Paper and Board Industries (CEPAC) to Canada. The contractual link may provide an atmosphere whereby this reluctance may be lessened or disappear altogether and fruitful Association-to-Association discussions take place. It is possible that an official exchange of views, on this level, could provide your industry with an insight into the thinking of your European counterparts.

On a company level, all contact with European firms must be made on your initiative. My colleagues and I may be better able to identify investment opportunities in Europe for you but (to coin a phrase) we have no place in the boardrooms of your companies.

You may be asking what power the EEC Commission has that affects trade in forest products. Offhand, I can think of two recent instances in which the Commission has taken decisions in the pulp-and-paper sector, one of which affects the Canadian newsprint industry. I am speaking, of course, of the reimposition of the waterlining requirement after June 30 of this year. Not all member states are

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in agreement with this action, notably Britain and Germany, but, as there must be unanimous agreement from all nine countries on a question such as this, and there was not, waterlining of newsprint will again be required. Without this European Communities body, individual countries would have been able to make their own decision.

In connection with this waterlining question, you know, of course, that we have made representations to the European Communities pointing out the technical and economic disadvantages of waterlining, particularly with the increasing production of lighter-weight newsprint. We have recommended the waterlining waiver be reintroduced.

The second instance of the EEC using their authority was the recent introduction by Sweden of import restrictions on shoes. The EEC Commission reacted very quickly, choosing the paper sector as an example. As I am sure you are aware, exports of forest products are very important to the Swedish economy. The measures taken involved the imposition of the Common External Tariff on a few specific paper products that, under the EEC/EFTA (European Free Trade Association) industrial-products agreement, were able to enter Britain and Denmark through a duty-free quota and The (original) Six, at a reduced tariff. While there may be some economic effect in Britain and Denmark (this has not yet been determined), the main effect has been psychological. The Commission is not afraid to react in those areas that are important to an important European industry.

This leads me now to another question that I know is of great interest to you -- the question of parity of access with the Scandinavian countries to the markets of the European Communities. I know you have strong feelings on the subject, and I can tell you that my colleagues and I share your feelings. It is difficult to stand by and see our strongest competitors acquiring easier access to an important market for their paper products. We had no say, unfortunately, in the negotiations between the EFTA countries and the Communities, though our reservations were made known at that time.

I can assure you that, when the opportunity arises, we impress our views, both officially and unofficially, on the EEC authorities on this subject of parity of access. I am also aware that your industry, through your Association, has made the strongest representations possible in Brussels and here in Montreal. I believe the message conveyed to the Forest Industries Mission, in the presence of EEC officials and private businessmen, was extremely useful, as it presented, in very clear terms, the feeling of the Canadian industry. Mr. Hart, your President, and other officials of the Association have had the occasion to convey the same message in

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Brussels -- and elsewhere, I am sure.

How, then, do we gain parity of access to this important market? The answer is through the GATT mechanism. I am sure I am telling you nothing new when I say that negotiations for reduction of trade barriers must be handled in Geneva through the appropriate bodies.

I should like to say a few words about the Tokyo Round of multi-lateral trade negotiations currently under way in Geneva, although some of you are quite up to date because of your visit last fall to the Canadian delegation. The negotiations are proceeding at a slower pace than was expected. This is partly owing to the extreme complexity of the negotiations, which cover both industrial and agricultural products and in which an attempt is being made to achieve liberalization not only of tariffs but of a range of non-tariff measures. The Canadian delegation has been participating in negotiations across a wide range of tariff and non-tariff issues. In addition, it has been advocating the sector approach as the negotiating technique that would complement the more general techniques. The aim of sector negotiations would be to go as far as possible towards full and lasting trade liberalization in carefully-defined sectors, not only in terms of elimination of non-tariff measures or of their trade-distorting effect, and through the provision of measures to ensure that the resulting liberalization is not eroded over time. There has not as yet been agreement among the participants at Geneva to proceed with any negotiations on a sector basis, but support has been growing and it is probable that this idea will play an important part in the negotiations.

When will the negotiations end? I do not have a crystal ball, but I cannot see them ending before late 1977. The world economic situation has caused, and will continue to cause, some slowdown in the talks, as will American politics and the Presidential election this year.

In closing, I might say that I have read with interest your submissions to the Federal Government on the question of the tariff negotiations. While I am not in a position to pass judgment on the briefs, I was impressed with the well-thought-out presentations and the arguments affecting the various sectors of the Canadian paper industry. You have a strong, viable industry, one that is very important to Canada and that I know will continue to keep pace with Canada's increasing importance in Europe.





# Statements and Speeches

No. 76/5

## SAUDI-CANADIAN ECONOMIC CO-OPERATION

A Statement to the Press by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, on his Departure from Saudi Arabia, Riyadh, January 15, 1976.

Before I get into the substance of my discussions with Saudi leaders, I want to say that I am delighted to have had this opportunity to escape the Canadian winter and visit Saudi Arabia. I wish to express my warmest thanks to my very kind host, Prince Saud, who, together with his colleagues and officials, has gone out of his way to make my stay here both pleasant and memorable. I should also like to stress how deeply honoured I was to be received yesterday by His Royal Highness Crown Prince Fahd, with whom I had a most interesting exchange of views.

I think all of you are aware that this is my first visit to the Middle East. I have just come from Cairo, where I was received by President Sadat. I had very useful talks with Foreign Minister Fahmy and other leading members of the Egyptian Government; during the next few days, I plan to stop in Jordan, Iraq and Israel. My purpose in coming to the Middle East is to obtain at first hand an appreciation of the problems, achievements and aspirations of the different countries of this region which everyone acknowledges has had, and continues to have, a major place in world history and politics. As the homeland of Islam and as a country whose economic importance is increasing rapidly, Saudi Arabia is an essential part of my itinerary.

In my comprehensive talks with Prince Saud and other ministers, we have sought to find ways and means of further developing the very friendly bilateral relations that already exist between Canada and Saudi Arabia. Our approach has been first to identify various key economic and other objectives of our two countries and then to proceed to a discussion as to how each country can contribute to the realization of these objectives. In this connection, Saudi authorities have briefed me on the impressive aims of the country's five-year development plan, and I have outlined Canadian oil-import needs, investment policies and willingness and ability to contribute to the fulfilment of Saudi development plans in a number of key sectors. Our discussions have revealed that there are many and wide-ranging possibilities for Saudi-Canadian economic co-operation, and that both countries are able and willing to seek closer and mutually-advantageous relations. As a gauge of the seriousness with

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which both sides intend to pursue this goal, I am very pleased to announce that the Governments of the Kingdom of Saudi Arabia and Canada have decided to establish a Joint Committee for Economic and Technical Co-operation. Prince Saud and I have signed a memorandum of understanding on this subject, and it has been agreed that this committee will hold its first meeting in early summer in Ottawa. As a further indication of the growing bilateral ties between our two countries, Prince Saud has given me the very welcome news that a Saudi Ambassador to Canada, to be resident in Ottawa, will soon be nominated.

With regard to international economic issues, we have, in particular, discussed the prospects for the Conference on International Economic Co-operation, which got under way in Paris last month. Given the fact that this important conference was originally proposed by the Saudi Government and that I am one of the conference's two co-chairmen, Saudi Arabia and Canada have a special interest in discussing the work of this conference in the key fields of energy, raw materials, development and finance. I have also reviewed with Prince Saud and the Minister of Finance international monetary issues, as well as Saudi and Canadian aid programs, which are an increasingly important part of the foreign policy of both countries. We have agreed that Canada and Saudi Arabia will keep in continuing contact on all these important world economic issues.

On the political side, Prince Saud and I examined the current situation in the Middle East, including: the recent disengagement agreement between Israel and Egypt; the work of the United Nations Emergency Force in the Sinai and the United Nations disengagement observer force in the Golan Heights; and the efforts of the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) to relieve the misery of the Palestinian refugees. Canada, as you are aware, is one of the largest contributors both to UNRWA and the United Nations peacekeeping forces. In these discussions, I have not attempted to suggest what the details of any eventual Middle East peace settlement should be. The Canadian Government has consistently taken the view that the interested parties must themselves seek a negotiated settlement on the basis of Security Council Resolutions 242 and 338 and all the principles they embody. The Canadian Government believes that secure and recognized boundaries for all states in the area, together with respect for their sovereignty, territorial integrity and political independence, are essential to a just and lasting settlement. Equally, any settlement, if it is going to be equitable and permanent, will have to take full account of the legitimate interests and aspirations of all the peoples of the area, including the Palestinian Arabs. It is in this context that I have been most interested to hear the

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view on the Middle East question of the Saudi Government, a government that has both an important interest in the problem and the capacity to play an important role in bringing about a settlement.







# Statements and Speeches

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No. 76/6

## BALANCE AND OBJECTIVITY -- THE AIMS OF CANADA'S MIDDLE EAST POLICY

A Toast by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at a Dinner given in his Honour by Foreign Minister Yigal Allon, Jerusalem, on January 19, 1976.

I am most pleased to have this opportunity to speak to you tonight. I would like to thank you, as my host, for your invitation to visit Israel and for the kind hospitality you have extended to me and my delegation since my arrival. Here in Israel, I am reminded of the great role of the Jewish people throughout history in bringing to all mankind so many significant contributions in numerous and diverse areas of human endeavour. Indeed, in Canada also I am struck by the contribution Canadians of the Jewish faith have made in the intellectual, artistic, professional and business life of our country.

As you have pointed out, Mr. Minister, despite differences in the history, the make-up and the geopolitical situation of our two countries, we have in common the social experience of young nations, built to a large extent by immigrants. We also share a heritage of common values that has provided the basis for close co-operation between Israel and Canada within international organizations.

The consolidation and further expansion of bilateral relations with Israel, as well as with all countries in the Middle East, is an important element of Canadian diplomacy in this region. In itself, this goal would have been a sufficient motive to accept the kind invitation extended to me by your Government; but, in addition, I welcome this opportunity to establish personal contacts with you, and with other Israeli leaders. I was particularly looking forward to "in-depth" discussions of Israeli positions and perceptions on the political situation in this region of the world -- and the meetings we have had so far have amply confirmed the usefulness of such exchanges. I hope to resume these discussions with you, Mr. Minister, before long -- this time in Canada, for it is with great pleasure that I invite you to pay an official visit to our country. As I noted earlier in another capital, Canadian policy on the Middle East is not fixed in stone; it reflects the existing political circumstances in time and is, therefore, liable to change as these circumstances evolve. That is why I wish to consult more frequently, in the future, with leaders like yourself.

Given that we share a common outlook in many respects, I am correct, I believe, in characterizing relations between Canada and Israel as

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excellent. As you have pointed out, many thousands of Canadians travel to Israel each year, and these visits are reciprocated by the broad range of Israelis who travel in turn to Canada. On the economic front, we have witnessed last year yet another increase in our two-way trade.

During the course of my trip to the Middle East, I have visited several of Israel's Arab neighbours. Consequently, the magnitude of the problems associated with the search for peace in this area of the world is fully in my mind. Canada's fundamental and unalterable concern has always been to make its contribution towards a just and durable peace. We have tried to do this in a very direct way through our participation in the United Nations Emergency Force in the Sinai, which is larger than that provided by any other country, and the United Nations Disengagement Observer Force on the Golan Heights. If these forces can continue to provide a measure of stability between Israel and its neighbours and can help to establish and maintain a climate in which substantive negotiations can take place, Canada fully intends to maintain its contribution.

The Government and the people of Canada supported the establishment of the State of Israel in 1948, its right to exist as an independent state in the Middle East and the right of its people to live in peace within secure and recognized boundaries, and that still continues as the policy of the Government of Canada. In no way has this support ever been directed against Israel's neighbours. Indeed, Canada has sought to maintain a policy of balance and objectivity in the Middle East conflict. We firmly believe that all the peoples of this region have the same right to peaceful and prosperous development behind secure boundaries.

The Canadian Government has never attempted to assert any preconceived notions as to what might constitute the details of an eventual Middle East peace agreement. While the achievement of a just and equitable settlement has always been a major concern in Canada, it has been my Government's view that the parties themselves must solve their problems through negotiations on the basis of Security Council Resolutions 242 and 338 and all the principles they embody, as this continues to constitute a valid framework upon which to base the deliberations required to achieve a just and lasting settlement. Canada has, therefore, welcomed the achievement of a second interim accord between Israel and Egypt as an important contribution in the negotiating process.

I know that decisions are very difficult when the security and sovereignty of states are at issue. It is my hope that the parties concerned will continue to find the fortitude necessary to make the

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difficult choices that will be required if the momentum towards peace is to be built on and expanded. I recognize, Mr. Minister, as do you, that regrettable incidents such as the passage of the resolution at the United Nations equating Zionism with racism, which Canada vigorously opposed, do little to contribute to a climate of mutual tolerance and understanding so vital in any negotiations.

We understand the difficult situation facing Israel. This should not dissuade you, however, because you are a courageous people, from actively pursuing the search for meaningful negotiations that are essential if Israel is to achieve the peace and security it so ardently desires.

Canada considers it vital to any lasting settlement that there be respect for the sovereignty, territorial integrity and political independence of every state in the Middle East. The Government of Canada remains unalterably opposed to any attempt to challenge the right of Israel to live within secure and recognized boundaries, free from threat and acts of force. At the same time, it is the Canadian Government's view that the Palestinian people should be heard and participate in negotiations regarding their destiny. Indeed, my strong impression, as I conclude my visit to the Middle East, is that there will be no solution unless the legitimate interests of the Palestinians are met.

In conclusion, Mr. Minister, I thank you again for the kindness and hospitality you have shown me. I am sure that the discussions I have had with the President, the Prime Minister and with you will enable me to appreciate better the difficulties you face in your quest for peace. Let me leave with you Canada's hope that favourable circumstances will be brought about that will facilitate the achievement of a peace settlement that will add still further impetus to the full realization of your country's great promise.







# Statements and Speeches

No. 76/7

## NUCLEAR CO-OPERATION AGREEMENTS WITH KOREA AND ARGENTINA

A Statement in the House of Commons on January 30, 1976, by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen.

I wish to advise the House that nuclear-co-operation agreements have been signed with the Governments of the Republic of Korea and the Republic of Argentina.... The agreement with the Republic of Korea was signed...at Seoul on January 26. I shall allow the sale to the Republic of Korea of a CANDU power reactor produced by Atomic Energy of Canada Limited to go forward. The attendant commercial and financial arrangements have already been concluded. The Republic of Korea...is a developing country that is in the process of significant industrialization.

The economy of the Republic of Korea is basically sound. Its pattern of growth has been remarkable in recent years, but it has large power requirements over the coming periods that its indigenous fuel resources are not in a position to satisfy. As part of its efforts to generate sufficient energy for its programs of industrialization and development, the Republic of Korea has established a significant program of nuclear-power generation. The acquisition of a CANDU power reactor is intended to supplement the country's nuclear-power-generation program. The Republic of Korea is already building a power reactor supplied from the United States, and is contracting for one additional unit from that source.

The agreement with Argentina was signed in Buenos Aires today. It covers the sale of a CANDU reactor to the Argentine Republic and attendant technical co-operation pursuant to contracts concluded in 1974. World-wide inflation since that time has created difficulties, and the commercial terms of those latter contracts are currently being renegotiated.

Argentina is an important Latin American country, which has had harmonious relations with its neighbours for over 100 years. It is a member of the International Atomic Energy Agency. It has had a successful nuclear-development program for over 25 years, and operates a number of research reactors as well as a heavy-water-moderated power reactor built with the co-operation of the Federal Republic of Germany.

The co-operation to be undertaken under these two agreements reflects

the position announced by the Prime Minister in 1975, when he noted that Canada would continue to seek to make available to developing countries the benefits of the peaceful applications of nuclear energy, provided that adequate guarantees against the possible diversion of such co-operation to non-peaceful, explosive purposes were available. This is a position endorsed by other nuclear suppliers.

These agreements provide that identified nuclear exports, including nuclear technology in physical form, shall only be authorized on the basis of coverage by an intergovernmental guarantee: *First*, that the items supplied or items produced with these, including subsequent generations, will not be diverted to any non-peaceful or explosive purpose; *second*, that these guarantees are verified through inspection mechanisms of the International Atomic Energy Agency; *third*, that the retransfer of items supplied and items produced with these, including subsequent generations of nuclear material, only be done with the consent of the Government of Canada; *fourth*, that the enrichment and reprocessing of nuclear material supplied, or nuclear material produced with items supplied, only be done with the consent of the Government of Canada; *fifth*, that IAEA safeguards and other mechanisms of bilateral verification for aspects of guarantees, where the IAEA system is not applicable, be in place for the life of the supplied item or for items susceptible to these guarantees produced from these items; and, *sixth*, that adequate measures for the physical security of materials be in place to protect the supplied items from the threat of sub-national diversion.

The safeguards commitments, including the application of the International Atomic Energy Agency inspection system, undertaken by the Republic of Korea and the Republic of Argentina represent juridical assurances of a high order, which fully meet international standards and Canadian safeguards policy.



# Statements and Speeches

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No. 76/8

## THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION

A Statement in the House of Commons on February 5, 1976, by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen.

I wish to report...on the progress that has been made in initiating a dialogue among industrialized countries on the Conference on International Economic Co-operation. I have attended two meetings in Paris as co-chairman of the conference, a function I share with the Venezuelan Minister of State for International Economic Affairs, Dr. Manuel Perez Guerrero. We have worked together very closely from the start and I want to pay tribute to his wisdom, knowledge and good judgment.

The Conference on International Economic Co-operation is a new venture in international diplomacy, bringing together 27 participants -- 19 developing countries and eight developed members, including the European Community. Seven of the developing countries are members of OPEC, whereas 12 are oil-importing countries. The membership of the conference has been selected to be broadly representative of the interests of the world community as a whole, with the exception of Eastern Europe and China, which are not participating.

The use of co-chairmen from the two groups to head the conference and the commissions is a new technique in conferences of this kind. Limited, but representative, membership may ensure that any consensus reached at the conference is broadly acceptable to the international community. It may also make it possible to replace the highly-politicized and often sterile debate on international economic problems by a pragmatic and systematic approach to complex questions that cannot be resolved by rhetoric. Limited membership may also be conducive to better understanding, and hence to a more earnest and direct attack on specific issues.

The origins of this conference are diverse, and are reflected in its character. What began as a reaction to the quadrupling of petroleum prices in late 1973 has evolved over the past two years into a conference designed to examine many of the world's major economic problems in addition to those associated with energy. The conference will undoubtedly address the various demands for changes in the world's economic system that have been put forward by developing countries in the United Nations. Since the first impact of



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the oil-price rise, Canada has been a consistent advocate of such a consumer-producer dialogue and has, in particular, advocated including the "innocent victims" -- the most seriously affected developing countries -- in the dialogue. I am, therefore, particularly gratified that the conference can truthfully be described as a dialogue between developed and developing countries, between producers and consumers of petroleum, and between producers and consumers of other raw materials.

During the coming year, the conference will attempt to reach agreement by consensus on a variety of important issues in the fields of energy, raw materials, development and finance. It is my hope that, in the process, it will make a positive contribution to a new era of international economic co-operation by fostering better understanding and by stimulating ongoing work in other bodies, such as UNCTAD, UNIDO, the GATT, the FAO, the International Monetary Fund and the World Bank.

The ministerial meeting in December that President Giscard d'Estaing opened and Dr. Perez Guerrero and I chaired brought together ministers from the 27 members of the conference. We agreed on the creation of four commissions: for energy, raw materials, development and financial affairs. Each consists of 15 members, five representing developed and ten representing developing members. We agreed on the co-chairmen for each of the four commissions and approved general guidelines regarding the work of the conference.

At a follow-up meeting last week, Dr. Perez Guerrero and I, as conference co-chairmen, together with the eight co-chairmen of the four commissions, reviewed preparations for the work of the commissions. We agreed that each of the commissions should meet five times between now and July, and we made a number of recommendations with respect to the duration of meetings, participation by observers and other procedures. While the initial meetings of the commission will probably deal with organizational and procedural matters, I believe they will quickly move on to substantive questions. A meeting of senior officials from the 27 members may review the progress of the commissions in about five months' time, probably in June. I should qualify that statement by saying that the recommendation has been made by the conference co-chairmen but has not yet been acted upon or agreed to by the participating governments. Of course, it is expected that a ministerial meeting will be held next December to conclude the work of the commissions.

The two co-chairmen of the conference have a particularly sensitive role to play. Although all participants in the Conference on International Economic Co-operation are prepared to approach issues in a

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positive and co-operative manner, there is a broad range of differing national interests and philosophies among the developed, developing and OPEC members of the conference. To a degree, it was this very diversity of interests and the consequent difficulty of providing leadership equally responsive to both the group of eight -- the developed members -- and the group of 19 -- the developing members -- that led to the choice of the two co-chairmen as a technique for organizing the conference. This co-direction of the conference is symbolic of the determination of the member countries to work together and to accept shared responsibility for the results.

Just as Dr. Perez Guerrero and I have a certain responsibility for ensuring that the work of the conference proceeds in an orderly and constructive manner, so the co-chairmen of the commissions have a responsibility for guiding the work of their commissions so that they achieve results that are broadly acceptable to the international community, including those countries that are not members of the conference. As I said, I have been working closely with my co-chairman and I am sure that the co-chairmen of the commissions will also work together constructively.

Canada is a member of two of the four commissions: Energy and Development. The dialogue in the energy commission may eventually encompass such sensitive issues as oil prices, indexing and security of supply. We hope that it will lead to increased stability in the international oil market, which would facilitate the orderly planning and development of Canada's own energy needs. I also trust the dialogue will make a real contribution to solving the problems of the developing countries most seriously affected by the rise in oil and other prices.

I am particularly pleased that Canada will participate in the work of the Development Commission. As you know, Canada has won considerable respect in the Third World for its stand on development questions. I can assure the House that Canada will continue this positive approach in the Development Commission, which will probably consider a broad range of issues in such key areas as food and agricultural development, industrial and technological co-operation, trade liberalization and official development assistance.

Canada is not a member of the Raw Materials and Finance Commissions. As they may deal with a number of vital issues, such as the stabilization of commodity prices, the stabilization of earnings derived from commodity exports and international financial questions, we do have a substantial interest in their proceedings. We shall, therefore, be following the work of these commissions closely through our observers in them. We expect to consult frequently and

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closely with our colleagues in the conference who are participating in these commissions.

I think...that we have got off to a good start. Canada has been given an important part in shaping this new instrument of international co-operation. That may be a matter of satisfaction, but it is also a challenge that we shall faithfully seek to meet.



# Statements and Speeches

No. 76/9

## MEXICO-CANADA ASSOCIATION HARMONIOUS AND EFFECTIVE

Remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, in Mexico City, January 23, 1976.

Mr. President, distinguished guests -- thank you very much for your warm welcome. Though we have been in Mexico only a few hours, your hospitality has made me feel very much at home. We remember well your visit to Canada in 1973, Mr. President, and have long looked forward to this opportunity to accept your invitation to return. You and I have had one occasion to meet since your trip to Ottawa, and I have had many occasions to view with admiration and some degree of envy the energetic program in which you have been engaged over the past two years. Your travel schedule, your legislative record, your international initiatives -- these have all set a very high standard for others to follow. I congratulate you, Sir, on your accomplishments.

Canada and Mexico occupy the same continent, but for far too long our history and our interests have pursued parallel courses -- never in conflict but not often enough in conscious co-operation. Happily, in recent years that has been changing. In terms of bilateral interests we have found much that is attractive in one another; on the broader issues that affect the entire international community we share, in most instances, the same ultimate goals.

Perhaps it has been natural for Canada and Mexico each to have pursued its own destiny, almost oblivious of the other. Certainly our histories have been quite distinctive. In the first centuries of Canadian history, our contacts with other lands were confined almost entirely to France and Britain; your own history was already ancient when it became linked to the Spanish tradition. In 1867, the year in which Canada adopted its own constitution, Mexico was ending a brief period of foreign intervention. Canada became fully autonomous only in 1931.

In the ways in which we have structured our institutions, in our methods of governmental activity, and in the patterns of external relations that we originally inherited, Canada and Mexico have differed. Now we are finding more in common. Different though our forms of government be, we are both democracies. Separated geographically as we are by the world's most advanced economy, we also share the experience of dealing at close quarters, and in many significant spheres of endeavour, with that economy.

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Mexico is a member of the Organization of American States and a party to the Rio Treaty. Canada is a member of the Commonwealth, of 1 Agence de Coopération culturelle et technique and of NATO. Mexico belongs to SELA (Latin American Economic System), Canada to the OECD (Organization for Economic Co-operation and Development). Our two countries find increasing opportunities for co-operation and joint consultation in the organs and agencies of the United Nations, and also in many inter-American agencies and bodies in which we exchange technical experience and combine efforts in support of development.

I mentioned trade, Mr. President. I know that you welcome as much as I do the dramatic increase in trade between our two countries in the past few years. Although Canada first dispatched a permanent trade commissioner to Mexico in 1905, and despite the fact that a Mexico-Canada trade agreement was signed in 1946 providing for most-favoured-nation treatment, our bilateral trade in 1970 had only reached the level of some \$150 million. The preliminary figures for 1975 indicate that trade will have increased to \$300 million, an increase, in percentage terms, of 100 per cent. And Canadian investment continues to flow here in increasing amounts. This Canadian trade and this Canadian investment are contributing, you told me in Ottawa in 1973, Mr. President, to Mexico's laudatory economic growth and to diminishing Mexico's previous heavy reliance on a single economic partner. And, of course, the 200,000 Canadians that your Government estimates visited Mexico last year contributed not only to your tourist industry but to a deeper understanding and knowledge of Mexico by Canadians. The discovery of your art and architecture, your advances in the sciences of archaeology and museology, are providing inspiration and stimulation to our artists. Significantly, it is through you that Canada and Canadians have often first been introduced to the human and cultural diversity of Latin America.

These are healthy trends, and I am confident they will continue. It is the policy of the Canadian Government to encourage Canadians increasingly to play an active, responsible role in the international community. Mexico is one of the principal countries with which we hope to strengthen and expand our relations. We shall attempt to pursue this course on a basis of mutual respect and of understanding for the sensitivities and genius of the people of each country. These are basic ingredients guiding the policies of Canada's International Development Research Centre, for example. That Centre is funded by the Canadian Government but operates under the direction of an international board of directors. It is engaged in a wide variety of developmental research projects in Central and South America. These range from activities in agriculture and nutrition to population and the health sciences. At the present moment, pro-

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jects funded to some \$2 million are in progress in Mexico alone.

The International Development Research Centre is only one of a variety of Canada's activities that involve it responsibly in international affairs, and in particular in the efforts of the developing nations to secure for their citizens lives of dignity and value. When you addressed the Canadian Parliament in 1973, Mr. President, you spoke in moving terms about the aspirations of the non-industrialized countries, and you employed a phrase that has remained with me since. You said then that a harmonious world could evolve only if international relations were founded on "principles of international equity". Your own contribution to the formulation of those principles, particularly in the Charter of Economic Rights and Duties of States, has received wide acclaim and earned deep respect. Canada is committed, I assure you, to working in every effective way to contribute to a more equitable distribution of benefits among the peoples of the world, and to establish the structures necessary to house a balanced, co-operative international community.

We welcome every opportunity to engage in positive discussions with other governments to clarify the principles that should guide international economic relations. We have participated in the two recent special sessions of the General Assembly, acted as host to the Commonwealth Group of Experts, served for many months as the chairman of the Interim Committee of the International Monetary Fund, are present at the Multilateral Trade Negotiations in Geneva, and have been elected recently as one of two co-chairmen of the Conference on International Economic Co-operation (CIEC). These activities and these responsibilities we take very seriously.

In our efforts to reduce the gap in living standards between the industrialized and developing countries, we do not regard as sufficient a simple transfer of real resources, although that continues to be needed. We regard as even more important a liberalization of world trade and the introduction of a range of techniques to benefit Third World economies. In these respects, we are either introducing or are actively discussing with others, in such forums as the CIEC, a number of proposals. One such, already in place, is our own general scheme of preferences. (I might add that I am proud that 82 per cent in value of all imports in Canada from developing countries enters duty-free.) Other proposals, many still in the planning stage, involve such conceptions as: commodity agreements involving both producers and consumers; new techniques in price stabilization; schemes for stabilization of export earnings; tariff cuts and differential treatment, where appropriate, on non-tariff barrier issues; and drafting of international codes to guide the operations of multi-

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national enterprises and provide for the transfer of technology on mutually satisfactory terms.

These proposals are not all originally Canadian, nor are many of them necessarily dramatic in their nature. We believe them to be worthy of careful examination, however, for we place greater weight on effectiveness in international activity than we do on theatrics.

The Canadian Government will continue to strive internationally for workable solutions, and it will continue to emphasize to Canadians the need to implement the "principles of international equity" stressed by you, Mr. President. It will continue as well, in international forums, to stress that a healthy, balanced world economy cannot evolve without healthy, growing economies in the industrialized countries. High rates of inflation and high unemployment in those countries will block both the economic [impetus] and the political impetus required to bring into reality a new international economic order.

The world's economic system and the quest of peoples everywhere for a decent standard of living demand from all of us our attention, our energy and our wisdom. No other international issue in the world today is regarded by my Government as more important. One other issue, however, we regard as equally important. It is that of proliferation of nuclear weapons. This problem demands of us equal attention, equal energy, and equal wisdom. As in the pursuit of a new economic order (and, I could add, in the pursuit of a new legal regime for the oceans) so in the pursuit of sane nuclear policies in the world, Mexico and Canada have worked harmoniously and effectively. Mexican leadership in formulating and completing the Treaty of Tlatelolco and Mexico's forceful participation in the complex work of the Geneva Conference of the Committee on Disarmament reflect the importance attached by your country to this crucial issue.

Because Canada is one of the world leaders in nuclear technology, and in the application of that technology for peaceful purposes, our policies should be understood by all in order that no misunderstandings can arise. They are simple to explain. First, we believe we have an obligation towards the developing countries to share our technology with them. We believe it [to be] wrong that the benefits of twentieth-century science [should] be denied to human beings anywhere. For that reason, we are actively engaged, both in our economic-assistance programs and on a commercial basis, in the export of material, technology and facilities for power-generation, and for medical and agricultural purposes. That is the first point of our policy -- to assist the developing countries in "leapfrogging" the

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industrial revolution and landing in the technological age. The second point is equally simple. We shall not export except under the strongest of safeguards and subject to the inspection machinery of the International Atomic Energy Agency. We are constantly pressing for ever-wider acceptance of the highest standard of safeguards. We seek to tighten even further the constraints against explosions said to be for peaceful purposes. We are fearful that this great gift of the atom may be misused and lead to incalculable destruction and suffering. We believe, as Canadians, and as members of the human race, resident on this single, fragile planet, that we have some standing to voice these concerns. We were the first country in the world to possess the technology, and the industrial and economic bases, to produce nuclear weapons, and chose not to do so. We chose not to manufacture weapons 30 years ago when we first learned how. And we continue to refuse to do so. We believe that the stature of a country and of a people is measured not by their ability to destroy but by their willingness to assist the human condition.

The law of the sea is another major endeavour in which Canada and Mexico have been closely associated for many years. Both our countries have stressed, and will continue to do so, the need for a new legal order to manage the vast sea expanses for the benefit of mankind. We each have lengthy coastlines, we each share an acute perception of the physical and economic characteristics that must be taken into account in a new convention if the seas are to be preserved as a factor for peace and progress.

These issues -- guaranteeing that the atom will be employed only for peaceful purposes, ensuring that the seas and their resources will remain symbols of prosperity and harmony, restructuring the world's economy to ensure an equitable distribution of benefits -- are of immense complexity and of towering proportions. They offer to governments challenges as formidable as any that have been posed since the dawn of civilization. But, given a choice, should we prefer to live in any other period in history? I think not. If peoples are willing to dedicate their energies towards peaceful ends, if they are willing to accept the reality of interdependence, if they are willing to accept responsibility as stewards of this earth and of its environment, then we are truly entering the dawn of an era of unprecedented accomplishment.

I dare to believe that these things can happen -- that the demonstrated benefits that flow from co-operation between such countries as Mexico and Canada can provide incentive for peoples and governments in all parts of the world to concentrate their endeavours on activities for the benefit of human beings as distinct from those that are measured in terms solely of prestige. I dare to believe so

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because the perils we face are so ominous that a failure to overcome them may well seal the fate of mankind.

On an earlier visit to Mexico I had occasion to visit Oaxaca and there to see the giant "Tree of Tule". I was told of its age -- 3,000 years, the oldest living thing in Mexico, one of the oldest in the western hemisphere. This tree was witness to the prime of the Zapotec and Mixtec civilizations, was ancient long before Cortez arrived, has silently observed the painful struggle for independence, is now watching the efforts of your Government, Mr. President, to bring to your people and to all peoples a more equitable share of the benefits of life in the twentieth century.

If we are wise and prudent in our nuclear policies, if we are imaginative and innovative in our economic policies, if -- above all -- we are tolerant and generous in our attitudes toward others, the "Tree of Tule" will live through this dangerous age. It will survive the current environmental hazards that face us all and future historians will recount this period as one of the most stimulating and accomplished of all human endeavour.





# Statements and Speeches

No. 76/10

## CUBA-CANADA: A RELATION BASED ON KNOWLEDGE AND CO-OPERATION

Remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, Cienfuegos, January 28, 1976.

Your Excellency the Prime Minister, Guests, Friends: It is my privilege, Mr. Prime Minister, to bring to you and the people of Cuba the greetings and good wishes of the Government and people of Canada. I am grateful to you for the hospitality your Government has extended to me and to my wife, and to the members of my party on this garden island. I appreciate your kind initiative in bringing us to Cienfuegos, a city with a long tradition and a wonderful bay. And I am especially grateful for the opportunity your invitation has provided to exchange views with you on relations between our two countries, on the western hemisphere in which we both reside, and on the broader world on which we all depend.

This moment in history is particularly appropriate for such conversations. It is so because I sense that the peoples of the world have accepted finally [the fact] that they live in an era of change. For close to 30 years, in a more profound sense than ever before, they have observed change, reacted to change, and engaged in change. Now, in 1976, the conception of change is firmly rooted as one of the few constant factors in an otherwise bewildering world. People everywhere have no alternative but to adjust to change. Yet change offers more than obligation -- it provides, as well, opportunity for benefit. It is the broad understanding that such opportunity exists that makes 1976 a promising year.

For Cuba this year holds forth many changes. You will be voting on a new constitution and electing representatives to a national and to local assemblies; you will be undertaking a new phase of economic development; you will be changing even the political-administrative divisions within the country. I wish you well in all these endeavours. I offer special congratulations to Cienfuegos: yesterday a village; today a city; tomorrow a province!

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It is an exciting time to be alive. There is immense opportunity for advantage through the wise application of new knowledge and new technology. And there is, as well, immense danger if wisdom is absent, because unwise policies in this nuclear age can lead to the destruction of the entire human race. Perhaps the single criterion

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that remains as a reliable guide for the conduct of governments and individuals is the test of individual human benefit. Countries that have different social systems -- in some instances very different and even opposite systems --, countries that make different and at times radically opposed judgments about how best to serve peace and development in the world, are learning to speak together and work together towards the solution of common problems. It is by concerting our efforts that we shall find fair and effective solutions with a special concern for the weakest.

In this period of change, we find that in many respects national boundaries are becoming increasingly irrelevant, that commerce and culture and knowledge are no longer subject to the dictates of national units in an international world. We have come to recognize in recent years that many age-old human aspirations, and many brand-new economic aspirations, are so broadly based and so deeply rooted that they defy either control or satisfaction on a national basis. We have learnt that men and women will borrow from any source in their desire to better their own condition. And this fact forces governments to look about and to co-operate one with the other.

The history of Canada has been one of change, and -- equally important -- one of tolerance for both change and diversity. Canadians have long been receptive to new ideas.... Increasingly, as the world grows ever smaller, as issues become ever more interconnected, and as countries find themselves ever more interdependent, Canadians are looking outward. One of the regions of the world attracting our attention is Latin America. For that reason, Mr. Premier, we were happy last year to welcome to Ottawa your distinguished Vice-Premier, Dr. Carlos Rafael Rodriguez. And I am very pleased to visit you here. In these ways we shall come to know one another better, and to identify benefits available to Cubans and Canadians alike from a relationship based on knowledge and co-operation.

You had the wisdom, Mr. Prime Minister, to recognize from the outset that the highest priority must be given to the development of your country's human resources. Your record in the fields of land reform, health care, education, housing, sanitation and food production is envied by many countries. Yet you and your people know full well that those accomplishments were not gained without sacrifice. The Cuban experience has attracted interest from near and far. Because of its undoubted dedication to bettering the lives of Cubans, this record, both in its achievements and its shortcomings -- which you, Prime Minister, have analyzed courageously in public -- will long be studied by students of social and developmental processes.

Canadian history and Canadian geography have taught us the importance of responsibility -- for our own acts and our own defaults. We are impatient with those who turn to explanations to excuse their every defect. Canadians want to participate actively in the creating of a new sense of community in this hemisphere and in the entire world. We are willing to work hard and to contribute much to a new economic order. At the same time, we ask that others, elsewhere, share some of our concerns as we share theirs.

One of our concerns is about the proliferation of nuclear weapons. Canada was the first country in the world that possessed the technology, the skills and the industrial base to produce a nuclear bomb -- and did not do so. We did not in 1945, when we were first able, we have not in the intervening years, and we shall not in the future. We shall not because we believe that the stature of a people is not measured by its destructive capacity but by its concern for the welfare of others.

There are not sufficient human or natural resources in this world to permit their continued dedication to destructive purposes if we are to gain any measure of relief in alleviating human misery of the most basic sorts. Illiteracy, poverty, famine, disease -- these are the common enemies of mankind. They cannot be overcome by military, and especially not nuclear, activity. If the dignity of individual human beings is our goal, as I believe it to be, nuclear weapons stand as a barrier -- not as a bridge -- towards its attainment.

We have talked of many things since my arrival, Mr. Prime Minister, and we shall talk of many more before I depart. In those discussions, we have found that we are not able to agree on every issue. We have found, instead, something more important -- that we can disagree honourably and without disrespect. The history of our relationship as countries throughout the past 15 years has been a demonstration of the ability of two peoples of broad differences to respect one another and to find areas of co-operation to their mutual benefit.

In 1976, our two nations will have in Canada two unique opportunities to co-operate and to compete. (And I hope that soon we shall have a third chance to meet, if you, Mr. Prime Minister, will do us the honour of visiting Canada.) In Vancouver in May, as I have already mentioned, we shall co-operate at "Habitat", the United Nations Conference on Human Settlements. In Montreal in July, we shall compete at the Olympic Games. Each event, the co-operative and the competitive, will serve to demonstrate the value of peaceful and friendly ties between the peoples and governments of Canada and Cuba. To that peace and that friendship, and to the continued

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good health of Prime Minister Fidel Castro, I offer my salutations.

Viva Cuba y el pueblo cubano!  
Viva el Primer Ministro Comandante Fidel Castro!  
Viva la amistad cubana-canadiense!





# Statements and Speeches

No. 76/11

## THE CHARACTER OF CANADA'S INVOLVEMENT WITH LATIN AMERICA

Remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, Caracas, January 30, 1976.

Mr. President, Distinguished Guests, I can think of no more sincere expression of thanks to you for your gracious remarks than to say how pleased I am to be here in Venezuela, and to be here with my wife and my Canadian associates. The warmth of your welcome, Mr. President, and the warmth of your pleasant climate have combined to give us all a delightful beginning to this official visit.

I hasten to add that none of us had to travel to Venezuela to benefit from Venezuelan warmth. At this moment, in the cold Canadian winter, millions of Canadians are keeping warm through the employment of Venezuelan petroleum products -- tangible evidence of the links between our two countries.

It is my hope that this visit, which is the first of a Canadian Prime Minister to Venezuela -- indeed, the first of a Canadian Prime Minister to any Spanish-speaking country on this continent --, will so emphasize the benefits to be gained by each country from closer association that the term "hemisphere" will gain an enhanced dimension in the eyes of Venezuelans and of Canadians. It is perhaps ironic that, at the very moment that the world is getting smaller, the western hemisphere, in an equally figurative sense, is becoming larger. And it is revealing of both changes that the most intimate relations between Venezuela and Canada are in evidence not here in Caracas, nor in Ottawa, but in Paris at the epoch-making Conference on International Economic Co-operation, where a Venezuelan Minister, Manuel Perez Guerrero, and a Canadian Minister, Allan MacEachen, occupy the distinguished and crucial positions of co-chairmen. That fact illustrates a good deal about our countries and about the world of 1976. Interested as we both are in strengthening our bilateral relations, and determined that that shall take place, we are both equally committed to a functioning international community based on principles of fairness, equity and reason. If the world is going to emerge from its present period of fluidity in a more viable form, as I believe will be the case, then a combination of bilateral and multilateral acts are required. My presence here, Mr. President, is designed to be a contribution in both facets.

It is not by accident that the first visit of a Canadian Prime Minister to a South American Republic should be to Venezuela, the

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birthplace of Simon Bolivar. There are few men whose vision and whose achievements guarantee their name a place in history. There are fewer still whose ideals are so exalted that they remain as fresh and as contemporary today as they were a century and a half ago. In 1819, with Ayacucho still five years distant, Bolivar addressed the Angostura Congress. It was in that speech that he employed words that are still prophetic and inspirational. He said:

"...my imagination, taking flight to the ages to come, is captured by the vision of future centuries, and when, from that vantage-ground, I observe with admiration and amazement the prosperity, the splendours, the fullness of life that will then flourish in this vast region, I am overwhelmed."

Mr. President, a nation that can produce men of the stature of Simon Bolivar is a rich nation indeed. To you and to your countrymen and -women, I bring greetings from the Government and people of Canada.

Though Canadians speak different languages from you, though our history and geography are quite distinct, though our legal system was spawned from a different source, though our institutions of government are of a different model -- a parliamentary model --, we find it to our advantage to identify and pursue activities in co-operation with you that are mutually beneficial. And I hasten to add that there are a good number.

Canada is not a member of the Organization of American States. It is not a member even though the historic 1948 Bogota Charter was worded specifically to permit membership to accrue to "American States" as distinct from the previously-restrictive phrase "American Republics". But, though we are not a member of the OAS, we are very much a participant in the inter-American system. Since 1970, when my Government carried out a thorough foreign policy review as one of its initial major tasks, Canadian involvement in the inter-American system has accelerated considerably. In 1970, while a long-time member of the Postal Union of the Americans and Spain, we were a member of only one OAS specialized organization, the Pan-American Institute of Geography and History. We are now a member of two more: the Pan-American Health Organization and the Inter-American Institute of Agricultural Sciences. We are participants as well in a multitude of inter-American institutions, the principal of which is the Inter-American Development Bank. Through our association with these agencies and bodies, Canada has acquired in a very few years a broad knowledge of Latin America's achievements

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and potential. As a result, this continent is now much more closely associated in our eyes with our own concerns and priorities.

In 1972, we took the important step of acquiring permanent observer status in the Organization of American States. At that time, the OAS was on the verge of a deep re-examination of its own roles and functions as it sought to adjust to the dynamic evolution of Latin America. This re-examination is continuing, just as Latin America continues to change. We are watching the process with deep interest.

In addition, Canada has extended its support to integration efforts in the hemisphere. Among these are the activities of the Andean Group, which demonstrate the ability of dedicated governments to overcome crisis. The unique work of the Andean Group in pursuit of harmonized industrial development of its members is widely, and justly, applauded. I hasten to add, Mr. President, my awareness of your own dedication to the cause of Latin American co-operation and advancement.

These roles were chosen with care by Canada. They spell out, in our view, the strength of Canadian interest in hemispheric activity and emphasize as well the flexibility we believe is necessary at this time in order to permit our relations to mature most harmoniously and most beneficially. That flexibility permits us, for example, to play very active roles in both the Commonwealth, which claims six Caribbean area members, and l'Agence de Coopération culturelle et technique, which also has area interests. It is flexibility and the Canadian interpretation of how most effectively to co-operate with its neighbours and friends in the Group of 77 that led to the establishment of Canada's unique institution, the International Development Research Centre.

This body is funded in its entirety by the Canadian Government, but is directed by an international board representing ten countries in addition to Canada. It initiates, encourages, supports and conducts research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions. It has, for the most part, concentrated its efforts on trying to improve the well-being of rural peoples. The Centre does this by making grants directly to institutions in the developing countries to permit them to do their own research and so to develop their own skills and the institutions so necessary to deal with their own problems.

At the present time, projects funded by this Canadian enterprise are under way in many Latin American and Caribbean countries. A

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current project in Venezuela enables the University of Venezuela to evaluate a simplified-medicine program in rural areas. Some dozen other projects involve Venezuela in such diverse fields as low-cost housing, use of educational technology, forestry research and rural-urban migration.

The IDRC is intended to complement Canada's governmental institution for foreign economic assistance, the Canadian International Development Agency.

Canadian interest in Latin America is by no means restricted to Government activities. I am pleased, as I know you are, Mr. President, that at this very moment the Canadian Association for Latin America, an organization devoted to strengthening the links of business and other segments of the private sector, is holding its fifth annual conference here in Caracas. I cannot understate my enthusiasm for this event. A major source of the economic strength of Canada is derived from the business community. We count on this community, as you do, to play a vital role in the transfer of technology and other skills so necessary to permit the transformation of developing societies into viable members of the post-industrial age.

That task is one part of one of the most important efforts ever undertaken by the international community -- the adjustment of our economic order in order to permit an equitable sharing of benefits. This new order will not come into being without a mighty struggle. The struggle need not be marked by confrontation between countries, however. The confrontation that exists, and against which our efforts should be directed, is a confrontation with want, with disparity, with unfairness. In that struggle, I assure you of the commitment of the Canadian Government.

Canadians have long been familiar with economic disparities within their own country. The difference in *per capita* income varies several-fold from the richest regions of Canada to the poorest. Very sophisticated and very vigorous schemes have been introduced to provide for the transfer of funds from one region to another, and to provide incentive to industry to undertake new projects in depressed areas. We have gained much experience with these schemes, Mr. President, and some success. Our problems are derived not from the unwillingness of Canadians to contribute to the betterment of their less-fortunate neighbours but from the nature of Canada itself.



I have referred several times, Mr. President, to our discussions here in Caracas. The importance of these cannot be overemphasized, for we both have the honour and the responsibility of leading the governments of democratic nations. Our views, therefore, must reflect the broad feelings of the people of our two countries. And, though this requirement of responsibility to our electorate requires us to be more cautious in our statements and less dramatic in our acts than others not so fettered, we both recognize that it is the source of the strength of our two great countries.

Our peoples are free -- free to travel, free to express their own cultures, free to design their own institutions, free to shape their own destinies. I believe fully that, in the exercise of those freedoms, the peoples of Canada and Venezuela will benefit increasingly from a more intimate association one with the other.

In that same speech to the Angostura Congress from which I quoted a few moments ago, Bolivar also said:

"We must never forget that the excellence of a government lies not in its theories or in its form or mechanism but in its being suited to the nature and character of the nation for which it is instituted."

And so our two governments, each designed for a different nation, seek to suit the nature and character of our own peoples -- but each seeks, equally, to reflect and serve the needs and interests of the world in which we live. To do so effectively requires perseverance, compassion and co-operation. To those characteristics, Mr. President, and to the good health of yourself and the Venezuelan people, I should like to propose a toast.





# Statements and Speeches

No. 76/12

## WESTERN HEMISPHERE CO-OPERATION A MODEL FOR THE WORLD

Remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, to the Fifth Conference of the Canadian Association for Latin America (CALA), Caracas, January 31, 1976.

...The presence here in Venezuela of such a representative group of Canadians is welcome evidence of the increasing, and widespread, serious interest within Canada about Latin America. I'm delighted with that interest and congratulate the organizers of CALA V on the important task they have undertaken.

When the Canadian Government stated in 1970, in its foreign policy review, that it intended to strengthen its links with Latin America in a systematic fashion, one of the objectives specifically noted was the promotion of business associations between the peoples of Canada and those of this continent. No organization is better designed to engage in that activity, and certainly none has proved more successful, than has CALA, the Canadian Association for Latin America. In the four previous conferences of the association, you have carefully examined the "parameters" of the commercial relations and the opportunities that exist for the development of mutually-beneficial relations. In this conference, you are examining "the implementation of the partnership", and I look forward in days to come to hear from your executive of the proposals that have been put forward and the plans formulated.

I put special emphasis on CALA in these respects. I do so not only because of what it does but because of what it is and what it represents. CALA is a singularly Canadian type of association. It reflects accurately the composition of the Canadian economic community. The history of Canada's economy is distinct from that of the United States or Britain or France. It is as distinct as is our political history. We are an independent country (and that requires no emphasis by me or anyone else); we are independent as well in our values, our attitudes, our means of governing ourselves and in our techniques of doing business. Those engaged with us in business or other activities, especially those who may not earlier have had an opportunity to learn about us, are able, through CALA, to learn a good deal about Canada and Canadians. I am confident that the outstanding Canadians who hold memberships in the association and who govern its activities are the best possible persons to acquaint their Latin American associates with a country and a society of which I am very proud.

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Canada is, by any definition, a trading nation. Twenty-five cents out of every dollar in circulation in Canada is derived from foreign trade. The viability of the Canadian economy depends upon a working, active world-trading system. The Canadian Government is active in its support for such a system -- it always has been. In the last decade of the nineteenth century, long before Canada had a diplomatic service, Canadian Government trade commissioners were posted abroad to a number of countries to encourage the local consumption of Canadian products and to assist in the marketing, in Canada, of locally-produced goods. Today, supplementing those bilateral efforts, which are still actively pursued, Canada participates in a variety of international forums that seek a more stable and more equitable international economic system. We are active in the Organization for Economic Co-operation and Development and in the United Nations Conference on Trade and Development; we have a large delegation in Geneva at the Tokyo Round of the Multilateral Trade Negotiations, we have the honour and the responsibility of being one of the two co-chairmen of the Paris Conference on International Economic Co-operation -- the other co-chairman being Venezuela; we provided, until recently, the chairman of the Interim Committee of the International Monetary Fund.

Canadians believe that they have some experience, and, they hope, some wisdom and some imagination, that can usefully be brought to bear upon the important issues at stake in these negotiations. We reflect, in a number of instances, conditions and concerns familiar to many nations, developed and developing. Canada is both a producer and consumer of commodities -- both in large volumes. We are a highly-industrialized country, possessing some of the world's most advanced technology (indeed, we are world leaders in a number of areas), yet, at the same time, we continue to be large importers of capital for investment. We have an economy that is in several sectors dominated by giant, foreign-controlled, multinational corporations, while we are, at the same time, the owners of similar enterprises active elsewhere. We are a rich country, yet we face problems of regional economic disparities that have forced us to design massive and sophisticated schemes of revenue-transfers and industrial incentives.

This combination of characteristics contributes to the distinctiveness of Canada that I mentioned a moment ago. But there is an additional characteristic as well, one that has served us well for more than a century. I refer to the blend of co-operation and "complementarity" between business and government -- the private and public sectors -- that has always been evident in Canada, and to a much greater degree than is found, for example, in the United States. This "intermix" of support and understanding has adjusted through

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the years to new demands -- just as it is in the process of adjusting once again -- but it has always sought, and often found, the best of the entrepreneurial system and the best of state involvement. This "mix" is evident, not surprisingly, in the membership roles of CALA.

From time to time, the blend gives rise to some ideological hysteria but, by and large, we have produced some pragmatic, commonsense solutions to Canadian problems. And I understand from Canadian businessmen that their experience within Canada has made them much more able to adapt successfully to differing social, economic and political climates elsewhere.

This is important, for internationally and domestically we are in an era of change that demands the best of all segments of society. To borrow the phrase of the well-know American management expert, Peter Drucker, we live in an "age of discontinuity". We are faced simultaneously with a variety of challenges -- all of them of immense complexity and untold consequences should we fail. For the first time in history, the world is demonstrably an integrated unit with finite quantities of non-renewable resources, with absolute limits to its life-support systems, with a single biosphere subject to environmental infection and world-wide epidemic. We face this incontestable evidence at a moment when all too many nations remain unconvinced of the perils of a nuclear holocaust and choose to reject the imposition of international controls; when the inequities of the world's economic system cry out for a better balance between rich and poor -- in the interests of both; when the world's monetary system has illustrated its inability to cope with the new pressures now bearing upon it.

In circumstances such as this, all the skill, all the wisdom, and all the goodwill of both business and government are needed. I am confident that, in the world as in Canada, this co-operation and this focus of effort will take place. For this to happen, we require realism and dedication -- the ingredients of successful businessmen and, I hope you will agree, of successful politicians as well. We need to accept, within our societies and between our societies, the benefits that flow from a reduction of the gap between rich and poor; from a confident and resilient trading system featuring price and export earnings stability, and a lessening of tariff and non-tariff barriers; from continued, reasonable economic growth in all countries.

The traits of co-operation, understanding and partnership are no strangers to this continent. I welcome the evidence of increased regional and sub-regional co-ordinated activity throughout Latin

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America and the Caribbean. The Andean Pact and the Central American Common Market are healthy examples. Canada has happily contributed funds to the Andean Pact *junta* for economic studies and technical assistance. This is one form of industrial co-operation, the idea to which my Government attaches considerable importance as a factor in industrial growth. We are confident that this form of co-operation will enhance the possibility of joint ventures and will lead to increased economic opportunity and benefit for all.

It was not many years ago, certainly well within the memory of most in this audience, that almost the only Canadian attention to Latin America came from the business community. That business attention continues and is enhanced. But it is joined by a much more active involvement on the part of the Canadian Government -- in the OAS and its special organizations, in the Inter-American Development Bank, in the Economic Community for Latin America. And it is joined as well by the involvement of several of the provincial governments, academic associations and individuals. In some measure, my own presence here spreads still more broadly Canadian interest, because the link between Canada and Latin America will be seen by millions in this hemisphere through the pens and cameras of the journalists accompanying me.

This process of getting to know one another, a process in which CALA and its Latin American affiliates are playing such an effective role, is a refreshing one. Increased economic and commercial contacts lead inevitably and happily to increased cultural awareness and exchanges. To anyone who loves, as do I, the dynamism and the adventurous spirit of this continent, that is an exciting prospect. A mutual enrichment is in store for us -- one that, naturally, will take into account the seasonal weather patterns of Canada when conferences and visits of the present sort are arranged!

While the factor of weather and inclement climate is not shared by us all, other factors -- vast spaces, great distances, comparatively small populations, and rich resource deposits -- are familiar. Part of the history of Canada has been written in the efforts of the Canadian people to overcome towering problems of transportation and communication. That we have done so, and with considerable success, is an achievement of which Canadians are very proud. More than pride is involved, however. Canadian technology and skills are among the foremost in the world in these fields. Not only do we operate the world's longest railroads, we are also partners in the St. Lawrence Seaway, one of the world's busiest and most important shipping-lanes. In Canada we have the world's first domestic communications satellite, which feeds into one of the most extensive, sophisticated and widespread communications networks in the world. In a variety of

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mining operations, Canadian experience and Canadian accomplishments are at the forefront in all the world, as are they in the development and generation of energy from diverse sources -- hydrocarbon, hydroelectric, nuclear.

This is important to you on this continent, and it is important to us. It is important because of the "complementarity" of so much in our economies. The skills, the tools, the technology, the products required in so many instances by so many Latin American countries, are available from Canada in volume and in quantity. And they are available from a people who still regard themselves as engaged, as do you, in the task of nation-building. The frontier is not a distant notion to Canadians. It is nearby, in terms both of geography and of time. We have much to do in Canada, much to accomplish, and we regard the challenges with excitement. We sense in Latin America the same spirit of challenge and excitement, and this is creating a bond between us stronger and more flexible than is possible through any formal legal links.

It is this human spirit that will be predominant in the long run. It is the human spirit that is the essential feature of our societies. And it is the human spirit that draws us together in terms of shared goals and aspirations, of broadly identical values, of a desire for a happier, more satisfactory and more dignified life for all the peoples of the western hemisphere. We have the opportunity in this hemisphere to demonstrate to the world the advantages co-operation can bring in the enhancement of the quality of our lives, in the manifestation of social justice and in the increase of economic benefit. I am delighted to have an opportunity to participate in that process, and I salute those here for the important contribution they are making.

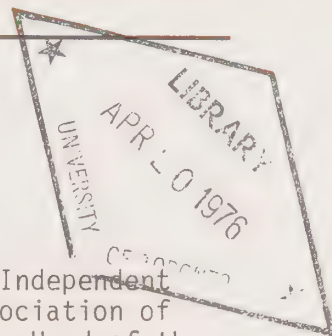






# Statements and Speeches

No. 76/13



## PROSPECTS EXCELLENT FOR CANADA-EUROPE CO-OPERATION

A Speech to the Canadian Petroleum Association, the Independent Petroleum Association of Canada and the Canadian Association of Oil-Well Drilling Contractors, by Mr. Marcel Cadieux, Head of the Mission of Canada to the European Communities, Calgary, February 4, 1976.

Having undertaken the task of leading our Mission accredited to the EC [European Community], after 20 years in North America (15 in Ottawa and more than five in Washington), I find myself in Brussels in a European environment. The change was sudden and considerable. I am now again overwhelmed by the charm of old Europe, even if somewhat restrained by a combination of inflation and austerity. I am fascinated by the process of European construction and by the prospect of observing the new features of Europe, of stimulating new links between Europe and Canada.

These new elements -- the growing unity of Europe as well as growing links between European countries and integrated Europe, on the one hand, and Canada, on the other -- have considerable significance for us, in terms of diversification as well as economic prospects. And they have, I believe, particular significance -- indeed potential -- in a number of respects for the members of this audience, whose interest it must be to foster and develop all profitable opportunities for further expansion of business relations, including [those] with Europe. (The interest of this province in Europe was thoroughly brought home to me last fall, when one of my first encounters with visiting Canadians, and among my earliest official duties, was to receive an Alberta delegation to Europe, and in particular to accompany Premier Lougheed in his call on President Ortolí of the European Commission.) I shall come back to this aspect later in my remarks.

First, however, you would no doubt expect me briefly to situate our policy towards and relations with the European communities in the context of our foreign policy and relations as a whole.

It will not be necessary before this distinguished and outward-looking audience to dwell on the major developments in Canadian foreign policy over the past few years. Suffice it to recall that out of the foreign-policy reviews of the late Sixties and early Seventies came the decision to diversify our external relations in the interest of a healthier and more rewarding situation for Canada

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and its people in the world. Work has been proceeding for several years to implement this policy and progress has been made in a number of directions, notably with Japan, with the developing countries and, of particular interest to us today, with Europe.

Please do not misunderstand me. We do not claim to have reinvented the wheel. Canadian relations with Europe have been strong and important for a long time. This continues today.

Take security. We are partners within the North Atlantic Alliance of eight of the nine members of the EC and our recent decision to upgrade our contribution to NATO is a confirmation of our strategic and other interests in Europe. We are also involved with our European allies in major efforts to promote *détente* and security in the world. We co-operated with them during the Conference on Security [and Co-operation] in Europe and joined them in signing the Helsinki Declaration. We are in close touch with them to achieve, if we can, a greater degree of security through mutual and balanced reductions in forces in Europe. We realize also that, if economic and other relations can be developed with socialist countries on a mutually-acceptable basis, this may enhance the prospects of peace and reduce the risks of military confrontation.

Similarly, in the economic field, we are already closely associated with Europe, as with others, in efforts to promote global arrangements in the trading, the energy, the monetary fields that could, *inter alia*, have a direct and substantial effect, a stimulating effect, on our relations with Europe -- for instance, in the multilateral trade negotiations in Geneva, in the monetary discussions in the IMF, in the Conference on International Economic Co-operation, in the United Nations and the OECD. What we and the Europeans and others aim to achieve to improve our relations with the Third World -- to create a more stable and an expanding as well as a more equitable economy in the world -- should also have a stimulating effect on our relations with Europe.

As you can see, at the multinational level we are working closely with the EC and EC members in a variety of fields (I have just mentioned a few) to achieve objectives that will result in an expansion of our relations with Europe. This is only part of the picture. We should bear in mind that, for many years in the past and perhaps for many years in the future, the bulk of our relations with Europe will be found in the bilateral sector -- that is, in the field of our substantial and growing and excellent direct relations with individual European countries. With most of these countries, in very many fields, our relations are close, as effective as we have been able to make them. We have promoted visits, minis-

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terial meetings, exchanges of every kind. So have the provinces. There is no question that we shall not continue to expand these relations or that, as a result of more recent initiatives to develop Canada-EC relations, bilateral efforts will weaken in any way. These new relations that will be promoted, we hope, will be additional to what we are already doing. They will add a new dimension to what we have been able to achieve or will be able to develop in the future on the bilateral plane.

While, therefore, we are planning additional links with an evolving Europe, let us not lose sight of the very important fact that already, in existing international institutions or through bilateral contacts, we have achieved considerable results. What we want to do now is try to ensure that we achieve maximum benefits from our European policy and that we do with the Community, as it is now and as it may develop later, all that we can possibly do at all levels, and in all fields, with our European friends.

There are, of course, a number of important outside reasons why we should wish to relate to the European Community, in addition to Canadian policy considerations.

In terms strictly of world trade, the European Community comes first as a commercial entity. It is larger than the U.S.A. or Japan. But bilaterally the EC market attracts a little less than 15 per cent of our external trade. We are keen, naturally, to enlarge this percentage, and to improve its composition in line with Canadian policies and programs. There are mutually-beneficial opportunities for economic, financial and investment links.

But the EC is not only large, rich and attractive in many ways, it is evolving. It has already taken on many important features of a normal nation state, and this process seems likely to continue. Moreover, the various European state instrumentalities are striving to increase their effectiveness in dealing with the major problems all communities are facing today. There is an ongoing review of the powers that are best assigned to local or regional units and, at the same time, there is in Western Europe a continuing and most important debate concerning the powers, the jurisdictions, that should be combined to achieve greater governmental efficiency at the international level. How far, how quickly, should this process be pursued? Is co-operation sufficient in the main or is it necessary and, if so, in which particular areas, to go much further and to contemplate full integration -- i.e., European Union, calling for a reinforced European Parliament and executive? How effectively can one or the other formula meet the requirements of the European Community? Or is it better to combine the two, shifting possibly from



one to the other, gradually, in the light of results? Or must success be achieved not step by step but as a result of a series of sudden and drastic moves? These issues are under debate at present as a result of the report on European Union by the Belgian Prime Minister, Mr. Tindemans. This experiment is of considerable interest for us as a country. The political future of many European countries that are close to us, the very balance of power in Europe, is bound up with the outcome of this process. And less-developed countries will not fail either to draw lessons for their own evolution from the results of these bold European rearrangements of their political apparatus. These aspects reinforce the importance both of knowing what is happening and of being in a position to relate to this changing European phenomenon.

Before turning more specifically to the new ways [in which] we are starting to relate to the EC, I might just recall that, in my immediately previous assignment as Ambassador in Washington, one of my tasks was to ensure that the U.S. Administration was cognizant of, and understood, important elements of Canadian foreign policy, including our policy of diversification. The main objective of this policy is clearly to strengthen our independence through an expansion of our external relations, including trading relations with other partners. Such a course is fully compatible with -- in fact, it is a necessary component of -- a policy of friendship with the U.S.A. This "Third Option" is aimed precisely at reducing the consequences, the frictions, the problems that are the results of the over-reliance *vis-à-vis* the U.S.A. in which we found ourselves. Our problems would have increased if we had not taken these steps. Good relations with the U.S. can only benefit from a better balance in our external posture. The idea, furthermore, is not to reduce in absolute terms our trade, our economic and financial relations with our good but powerful neighbour to the South but to increase simultaneously our relations both with the U.S.A. and with our other partners and thus achieve a different and better balance at a higher general level of exchanges.

What, then, do we want to do with the Community? Apart from additional political consultations, and co-operation in specific areas such as aid, the plan is to encourage, to stimulate, relations with the Community in the related economic and industrial fields. Should fields handled by the [European] Economic Community expand in the future, it is our hope that the closer relations that we hope to establish with it will naturally extend to the new fields it will control. As I indicated a moment ago, there is no question of reducing or prejudicing in any way relations or links that exist now or may develop in the future between Ottawa and member states individually in the areas that will remain under national control. In the public sector,



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the Federal Government in Canada may have an important and direct role of its own to play. Already, the Federal Government has, in this area, substantial resources and important agencies under its jurisdiction.

One of the potentially important mechanisms by which we hope to facilitate these aims is negotiation of a framework agreement for commercial and economic co-operation with the communities. This would consist of a number of elements, including consultations and industrial co-operation, which should help open, and keep open, the door to enhanced business dealings in both directions on a mutually-beneficial basis. Substantial progress has been achieved. The ground has now been largely cleared. Agreement in principle has been recorded. Of course, we have to bear in mind that the Community is a complex machine and consensus develops slowly between its several components. There is no lack of interest or goodwill, but the Community has a cruising speed of its own, and we have to adjust.

Up to the present (and there is no reason to believe that things will be different in the future), our desire to "snuggle up" to Europe, if I may speak in a such light tone, has been fully reciprocated. We have come up, in the course of preliminary negotiations, against problems of substance -- that of the competency of the Commission; we have also encountered procedural difficulties -- the question arose whether it would be better to negotiate a simple and direct Canada/EC accord or a mixed one, involving Canada, the EC and member states. In all cases, a consensus was reached reasonably quickly and easily with a maximum of goodwill. On both sides, we are broadly agreed as to the purposes of the agreement: to come closer, to work more closely together. There are, no doubt, some problems yet to be solved, but I am optimistic as to the ultimate results.

These Federal Government moves will confirm and complement provincial initiatives in this general area of relations with Europe, in appropriate fields. Already, during the few months I have been in Europe, a number of important tours have been undertaken by the first ministers of the Provinces of Quebec, Alberta (as already mentioned) and Manitoba. Whether loans, investments or increased commercial exchanges are sought, these provincial moves develop within the general framework of increased relations with Europe.

As part of this process, governmental authorities, both in Canada and in Europe, will naturally endeavour to encourage private enterprise -- this means potential investors, industrial enterprises, banking institutions, and others -- to become involved, to get into the act, to develop such links as may be to their advantage. In a

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free market and [under a] capitalistic regime, in this area, there are traditional limits concerning the direct role of government and its relations with the social partners, business and labour. We may have to experiment to determine which is the most effective, the most productive and comfortable scheme. But already it seems that governments will have special jobs to undertake in terms of information, liaison, encouragement, and this, plus sensitization of opinion generally, may be quite important in achieving momentum in co-ordinating the whole move towards diversification. Already, seeking to identify prospects in what it regards as the more promising sectors -- uranium supplies, non-ferrous metals, forestry and wood products --, the Community has sent important exploratory missions to Canada to investigate, to explore opportunities. Return visits on these and other sectors are envisaged. We are also considering additional or new schemes that might be adopted to prime the process of co-operation and bring results in terms of investments. We are asking ourselves whether existing methods or channels are adequate or whether new departures are required.

The main long-term objectives of this new perspective on industrial co-operation are:

- to give a new "thrust" to trade and economic co-operation, by adopting a multidimensional approach encompassing the movement of goods, the strengthening of intercorporate relations, including joint ventures, two-way investment flows and co-operation in the field of applied science and technology;
- to bring our international economic relations into closer alignment with our national goals, such as resource-upgrading prior to export, the development of sector strategies, the strengthening of less-advantaged regions, and with the Government's policy of diversifying our international economic and trade links.

In the short run, it is hoped:

- to identify, on a sector-by-sector basis, with individual states, areas of industrial compatibility and complementarity that offer the best opportunities for fruitful company-to-company collaboration in the form of joint ventures, investments, technological exchanges and other intercorporate relations;
  - to identify opportunities for industrial co-operation that firms, particularly smaller and medium-sized companies, would not be likely to uncover on their own initiative;
  - in exchanging views with other states, to gain an insight into
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how they deal with problems affecting industrial performance brought about by national and international developments. This will assist us in formulating Government policies and programs to benefit Canadian industry, particularly through the development of sector strategies.

The role of the Canadian Government is to identify opportunities that companies would not be likely to uncover by themselves, develop policies that will facilitate the process, act as a catalyst, co-ordinate, monitor progress, and generally provide guidance to the Canadian business community and the provinces. The action plan will vary from country to country, but company-to-company contact resulting in business projects is, of course, the ultimate objective of the exercise.

It is particularly agreeable and interesting, I find, to observe the process of European construction, to follow the negotiation of a "contractual link" between the EC and Canada, from Brussels, a great European centre I knew in the course of my first assignment to our embassy, at the end of the [Second World] War. I found many of my old friends and, everywhere, a strong recollection of our co-operation during the war, and an equally strong hope that, together again, we can powerfully contribute to the cause of freedom in the world, to expanding economic prospects so vital to the future of our countries. In such circumstances, unimportant details are seen in a perspective that emphasizes what brings us together, what we are seeking in partnership. For many reasons, Europe seems to be well-disposed towards us. Between Europe and ourselves, the climate, the prospects for co-operation are excellent. The time has come to pull together our resources and to take advantage of a situation that seems auspicious from all angles. This is the challenge and the opportunity that is offered all of us.







# Statements and Speeches

No. 76/14

## SHARING AND SURVIVAL

An Intervention by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at UNCTAD IV, in Nairobi, on May 7, 1976.

At Santiago, in 1972, the head of the Canadian delegation looked back at the development of UNCTAD since the first conference. He reviewed its growth and concluded that UNCTAD had taken its place as one of the great deliberative bodies of the world. That is now beyond question; UNCTAD has become an indispensable element of the system. Much credit for this must go to its three distinguished Secretaries-General -- Raul Prebisch, Manuel Pérez-Guerrero and Gamani Corea.

Since 1972 a great deal has happened to increase the importance of UNCTAD. Events in the economic sphere have altered permanently the way in which we perceive international economic problems and the way in which we must cope with them. UNCTAD has become one of the foremost international institutions to which we turn to find solutions to economic problems of global concern. We must look far into the future, and do so with an unprecedented sense of urgency.

In the past four years the efforts of the international community to comprehend and address the global economic problems with which this conference must deal have not been in vain. We now have a much-improved knowledge and appreciation of these problems and of the ways in which they affect the Third World. We know they are complex and difficult but not insoluble. We have learnt that the most promising way to make progress is through a sustained dialogue based on an increased readiness of the wealthier countries to share their wealth and of all to deal with the issues realistically and constructively. I believe that we have passed the stage of analysis and assessment of issues. We must now get together to devise workable and dynamic solutions -- and solutions mean action.

It is of significance -- and particularly so for this conference -- that a group of countries is meeting throughout this year in Paris to discuss in depth the problems of energy, raw materials, development and finance. I have the honour of sharing the duties of presiding over the Conference on International Economic Co-operation with the distinguished head of the Venezuelan delegation, Dr. Manuel Pérez-Guerrero. The Paris conference is a different kind of international forum -- with a limited "time-frame" and a representative,

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if restricted, membership. It is nevertheless of importance to our deliberations here because the Paris conference and UNCTAD IV share common goals. Clearly, our efforts in Nairobi and Paris must be mutually reinforcing. As co-chairman of the Paris conference, I am convinced that substantial and positive results here at UNCTAD IV -- results so vitally important in themselves -- will assist us in Paris in fulfilling the objectives of that conference. If we succeed here, the process that is under way in Paris will be much strengthened. We shall be better able as we come to the second half of the conference in Paris to focus on specific proposals for action. UNCTAD and CIEC can both contribute to the essential goal -- international economic co-operation for the benefit of all countries and people.

Against this background, I submit that all countries have a stake in the outcome of this conference. In UNCTAD we are in a forum for global consideration and negotiation by all countries of crucial economic, trade and development issues of common interest. If we approach these issues with a recognition of our common interests, if we understand the importance of mutual benefit and of sharing, we can succeed.

I should like now to turn to some of the specific issues before the conference.

### Commodities

Improvement in the position of developing countries that export primary commodities must be our basic objective. In our view, the stabilization of commodity prices and earnings is perhaps the most fundamental problem that this conference must address. Canada, as a major commodity trader, regards the instability of commodity markets as a major weakness of the international trading system, requiring urgent remedy. We accept the need for a comprehensive integrated approach to the resolution of commodity-trade problems, and we shall work for the elaboration of elements of such an approach, particularly as regards individual commodities.

As part of the Canadian approach, we support the principle of joint producer-consumer financial responsibility on a mandatory basis for the establishment of buffer stocks within commodity arrangements containing such stocks. In the negotiation of the Fifth International Tin Agreement, we had indicated that we were prepared to accept mandatory producer-consumer financing of the buffer stock. That agreement, as negotiated, provides for voluntary contributions from consumer members. I am pleased to state that Canada will make a financial contribution to the buffer stock of the Fifth International

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### Tin Agreement.

At the seventh special session of the United Nations General Assembly, Canada indicated its willingness to examine sympathetically, along with other potential donors, the conception of a common fund to finance buffer stocks. In our view, the need for such a fund and its operational "modalities" will depend on a number of commodities for which agreements based on buffer stocks are negotiated. We are prepared to continue examination of the proposal for a common fund in the light of the results of commodity consultations and negotiations.

In the months ahead we expect that interested governments will come together to work out, within an agreed "time-frame", specific ways and means to deal with the problems of individual commodities and give effect to the decisions of this conference.

### Financial problems of developing countries

There are a number of important financial issues of special concern to developing countries on the agenda of this conference. I wish to address two of these in particular -- debt relief in the context of the balance-of-payments problems of developing countries and official development assistance.

The growth of the global balance-of-payments deficit of non-OPEC developing countries from approximately \$9 billion in 1973 to between \$35 billion and \$45 billion in 1975 emphasizes the importance of our deliberations. It is not sufficient to address the current debt problems of developing countries. We must also work to reduce their occurrence in the future.

Canada attaches great importance to the provision of development assistance on the softest possible terms. We consider it essential that loans conferred as development assistance not place developing-country recipients in debt-repayment situations in which they will eventually have difficulty in meeting their financial obligations.

Canada's development assistance has been and continues to be highly concessional. To date, all of Canada's official development assistance has exceeded a grant element of 50 per cent, with an overall average of 95 per cent. We believe that the terms on which development-assistance funds are provided, particularly to the poorest countries, should be improved. We urge that the international grant-element threshold for official development assistance be raised above 25 per cent as a meaningful step in this direction, and we are prepared to join other donors in setting the new threshold as high as 50 per cent.



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Turning to the immediate problem, I wish to affirm Canada's readiness to consider debt-relief for developing countries. We are conscious of the particularly acute debt problem of the poorest of the developing countries, and are prepared to look sympathetically at specific cases. Multilateral development-finance institutions, for their part, should consider committing new resources, within their program priorities, up to the equivalent of the debt-service payments due them from countries for which an agreed debt reorganization is negotiated.

We approach the question of an international conference to consider the debt problems of developing countries with an open mind. It would be important that any such conference be well prepared and that its objectives be clearly defined. We see the need to consider debt questions in the context of overall balance-of-payments problems and hence as being closely tied to the level of financial flows.

With respect to the levels of official development assistance, Canada's ODA as a percentage of GNP has grown to over 0.55 per cent in our fiscal year 1975-76. We reaffirm our determination to achieve the target of 0.7 per cent. In the coming years, Canada's official development assistance will continue to grow and we shall work toward the 0.7 percent target as rapidly as available fiscal resources allow. The bulk of our assistance will continue to be provided to the poorest developing countries.

### Trade liberalization

It is fundamental to the development of the countries of the Third World that their exports have access to the markets of the industrialized countries. Of course their mutual trade and access to one another's markets are also of major importance. We are working through the multilateral trade negotiations in Geneva for trade-liberalization measures that will have a beneficial impact on the economies of developing countries. In connection with industrial development and further processing of raw materials in producing countries, Canada has made specific proposals in the MTN that, we believe, will be beneficial to the developing countries producing certain important raw materials.

The establishment of generalized preference schemes has been an important means of encouraging the exports of developing countries. We welcome the improvement others have made in their schemes. Canada proposes to broaden its system through the work of the tropical products group of the MTN and also intends to extend its geographical coverage to include all the least-developed of developing countries and all the former Portuguese territories, whether or not they have

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most-favoured nation agreements with Canada.

Within the MTN, Canada will seek improvement of rules on the application of safeguard actions, including those applied against the products of developing countries, which will ensure that such actions are temporary and subject to international guidelines and surveillance. We shall be reviewing our current adjustment-assistance measures in the context of the MTN and shall be taking into account the interests of developing countries as they relate to the longer-term evolution of the Canadian economy.

Finally, in the area of trade, Canada is examining various alternatives for using aid funds to establish a trade-facilitation office to assist developing countries seeking to export to the Canadian market. The UNCTAD/GATT International Trade Centre could play an important role in this endeavour.

#### Transfer of technology

The final specific area I wish to touch on is the transfer of technology. Canada is giving continued and substantial support for the development of appropriate technologies for developing countries through our aid program and through the International Development Research Centre, which focuses its attention and resources on research and technology in developing countries. Canada intends to explore further the creation of links between research institutions in Canada and corresponding institutions in developing countries. Such arrangements could provide Canadian institutions with a greater appreciation of the problems of developing countries -- they could influence, over the longer term, the orientation of our domestic research and development programs towards Third World problems, and they could provide a channel for the transfer of advice, assistance and technology to developing countries.

Canada would support further work on a voluntary, universally-applicable, code of conduct that sets out guidelines for the transfer of technology on a supplier-recipient basis. We further support continuing international discussion within UNCTAD on restrictive business practices adversely affecting international trade, particularly that of developing countries.

#### Conclusion

I have outlined our views and ideas on several of the major issues and proposals before this conference.

There is a heavy responsibility on every government to facilitate

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the confidence of the global community. Part of our task at UNCTAD IV will be to bring closer together our differing perceptions as to what is equitable and what can be achieved. Canada as a developed country recognizes that the commitment to share is fundamental to our success.

We must see the hard decisions ahead of us not only in terms of problems to be solved but in terms of opportunities and challenges to shape a better world. This will require intensified efforts to reduce disparities between rich and poor throughout the world and to eliminate wasteful consumption. Difficult choices are required now; if necessary action is not taken now, harder decisions and more drastic sacrifices will have to be made in the future.

Canada will use its influence and its resources to bring about constructive change in the international economic system. I pledge my own effort to continue to work toward this goal here at UNCTAD IV and at the Conference on International Economic Co-operation.

It is Canada's conviction that only through sharing can we ensure our survival.



# Statements and Speeches

No. 76/15

## PROGRESS TOWARDS INTERNATIONAL AGREEMENT ON LAW OF THE SEA

From a Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, May 11, 1976.

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The Third UN Conference on the Law of the Sea has just concluded its fourth session in New York, and it is my considered judgment that it has achieved significant progress in most areas of its mandate. There may remain a number of important issues that will require further negotiation before full success is achieved, but the new negotiating text produced by the chairmen of the conference is a considerable improvement over last year's draft.

Let me review briefly developments as they affect the main issues the conference seeks to settle and their impact on Canada's interests.

The first part of the new text deals with the range of complex and radically new concepts that are being developed in order to regulate future activities in the international seabed area beyond the limits of national jurisdiction. It now provides, in my view, many of the basic elements necessary for a true accommodation of interests between developing and developed countries. Whereas the articles drafted in Geneva last year were regarded by the technologically-advanced countries as impracticable, the new text represents a more realistic approach to the problem. At the same time, the concept that the international area will be the "common heritage of mankind" and not an area of renewed colonial expansion has been given more specific and concrete meaning through a series of new draft articles and technical annexes covering a wide range of issues. Admittedly, a number of developing countries have reservations about the new text as they have yet to be fully satisfied that their interests and aspirations are adequately met by the far-reaching provisions of this new draft. Canada places high importance on the satisfactory resolution through further negotiations of the remaining contentious issues. These include some of direct interest to Canada, such as the composition of the proposed council, and more particularly the formula for production controls that would relate seabed to land-based mineral production.

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The second part of the new text deals, among other questions, with the "economic zone" concept, a concept we regard as the foundation-stone of any successful Law of the Sea Conference. In spite of the many attempts made by certain groups -- notably the landlocked and "geographically-disadvantaged" states and some of the long-distance fishing nations -- to erode the very nature of the "economic zone", the concept has emerged unscathed and is now firmly entrenched in the consensus that is reflected in the revised Single Negotiating Text. This means that Canada would acquire sovereign rights over living resources (that is, fisheries resources) out to 200 miles, would maintain its sovereign right over the resources of the continental shelf out to the edge of the continental margin, and would have recognized in specific treaty language its right to preserve the marine environment and control scientific research.

On fisheries, the basic compromise reflected in the original Single Negotiating Text accommodated all essential Canadian interests, and has re-emerged intact in the revised text. In fact, there were very few changes to the fisheries articles, and these were mostly editorial in nature, including the change we thought about to the Anadromous Species Article to correct certain editorial problems that had found their way into the original Single Negotiating Text. The most difficult issue that remains to be resolved is the question of rights of access by landlocked and "geographically-disadvantaged" states to the fisheries within the economic zones of coastal states in the same region or sub-region. The revised Single Negotiating Text contains provisions on this subject that will require further negotiations. They contain no provisions that would materially derogate from Canada's sovereign rights over fisheries in the future 200-mile economic zone, nor should we be prepared to accept such derogation in future negotiations.

With respect to the continental shelf, the previous affirmation of coastal states' sovereign rights to the edge of the continental margin was confirmed, together with the concept of revenue-sharing in respect of the seabed resources found between the 200-mile limit and the edge of the margin.

Canada was extremely active in New York in the debate on the preservation of the marine environment. The basic Canadian approach is reflected in the revised Single Negotiating Text on this subject, whereby the draft articles establish an umbrella convention laying down fundamental treaty obligations to preserve the marine environment. The original Single Negotiating Text was already in large measure acceptable to Canada, but it was particularly deficient, in our view, on the subject of the control of pollution from ships. It provided very limited powers to coastal states over ships found in

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the territorial sea, economic zone, or in ports (in respect of violations committed elsewhere). The revised Single Negotiating Text contains major improvements. It moves some appreciable way towards striking the balance between, on the one hand, the rights and duties that coastal states, flag states and port states must have to control pollution from vessels, and, on the other hand, the need to maintain freedom of maritime commerce and communications.

Canada has also been seeking a provision in this section of the convention that would provide international recognition that Canada has the right to protect the Arctic marine environment by the imposition of higher vessel-source pollution standards than those agreed to internationally. The revised Single Negotiating Text contains such a provision. The formulation that now appears has been discussed by the states most directly concerned and will, we hope, provide a basis for general agreement.

From the Canadian point of view, the revised Single Negotiating Text articles on preservation of the marine environment still need further refinement. Canadian efforts have made a major contribution to bringing the text to its present form, and we shall continue to provide leadership in further redrafting, to protect not only Canada's own marine environment but the oceans as a whole.

The articles in the revised text on marine scientific research provide, in our view, a large measure of protection to vital coastal-state interests in the economic zone and on the continental shelf, while at the same time ensuring that important international interests in promoting and co-operating in research programs are not impeded. While there will still undoubtedly be some further revisions and changes at the next session, I believe we have a good basis for an eventual compromise on this issue. Likewise, the articles on transfer of technology provide that states shall co-operate in providing the developing countries with the scientific and technological capability they need for the utilization and management of their marine resources and the protection of the marine environment. At the same time, the text recognizes that this co-operation must have proper regard for all legitimate interests, including the rights and duties of holders, suppliers and recipients of marine technology.

In my statement to the conference on April 12, 1976, I stated that Canada supported the inclusion of comprehensive dispute-settlement procedures in the convention. I also stated that these provisions must be compatible with the rights and duties of states, particularly within the economic zone; similarly, I stated that these provisions must be based upon a reciprocity of interests of all states, and should not simply stress dispute settlement on matters of interest

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to one group of states.

The new Part IV of the Single Negotiating Text on the settlement of disputes appears unduly complicated and will require refinement and simplification. Since dispute settlement was discussed for the first time in the plenary session of the conference in April of this year, it remains one of the outstanding issues upon which negotiation will begin at the next session of the conference. The Canadian delegation will, of course, be actively engaged in these negotiations.

Canada, therefore, has good reason to be pleased with the results of the conference. Unfortunately, the conference was not able to conclude its work. It is encouraging, however, that a further session will be held within a relatively short space of time in New York, beginning August 2 and extending until September 17.

...I have attempted to draw some comparisons between the new revised Single Negotiating Text and the previous Geneva negotiating text in order to provide some indication of the measure of progress achieved at the New York session. I think, however, that members of this Committee should be aware that the real significance of the New York negotiating text is that it reflects the great distances already travelled and maintains the needed momentum in the development of radical new concepts in international law. Canada, together with other states, set out to restructure some of the basic concepts of international law because of our conviction that they no longer reflected the needs of our times. I can say to this Committee that, whatever occurs in the next session of the conference and whether or not the conference concludes in success or failure, radical changes are being effected in international law as a result of the multilateral negotiating process that has occurred within the conference.

I think that members will agree from what I have said that now is the time to intensify our negotiating efforts at the conference. Our goal of establishing a sound legal régime for the world's oceans is worth this effort.

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# Statements and Speeches

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No. 76/16

## NUCLEAR RELATIONS WITH INDIA

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, in the House of Commons, May 18, 1976.

I should like to inform the House today that the Government has decided that further nuclear co-operation with India is not possible. The decision has been difficult. It has challenged the Government, as indeed it has challenged all thinking Canadians, to review a number of fundamental principles.

Canada's nuclear co-operation with India began in the context of the Colombo Plan. It has as its basis the belief that nuclear power could be vital to the equitable economic growth of a number of developing countries. The energy crisis, and the serious dislocations it has brought with it, have tended to reinforce this belief and the genuine success achieved by Indo-Canadian co-operation in the development of nuclear power for energy, agriculture and medicine has proved the practicality of this approach.

India's detonation of a nuclear explosive device in 1974 made it evident that Canada and India had taken profoundly differing views of what should be encompassed in the peaceful application of nuclear energy by non-nuclear-weapon states. Canada is one of the earliest and most vigorous proponents of the Nuclear Non-Proliferation Treaty. A basic element of the treaty, which guides Canadian policy in the field of nuclear exports and safeguards, is that it recognizes no technical distinction between nuclear explosives for peaceful and non-peaceful purposes.

Canada has foregone the possible benefits of developing so-called peaceful nuclear explosions on the basis that, pursuant to the NPT, nuclear-explosive services would be available from a nuclear-weapon state at such time as need and feasibility were demonstrated. India, however, does not accept what it views as discrimination between the nuclear powers and other states, and insists that all countries should be free to use all phases of nuclear technology for whatever they view as peaceful purposes.

Notwithstanding these differences, both countries agreed to explore together a negotiated termination of nuclear co-operation. These negotiations had, earlier this spring, reached a point where both sides decided that governmental decisions were required. The decision now taken by Cabinet takes into full account the issues that



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I raised when I spoke in the House on March 23. Canada has insisted that any co-operation in the nuclear field be fully covered by safeguards that satisfy the Canadian people that Canadian assistance will not be diverted to nuclear explosive purposes. This Canadian objective could not be achieved in these negotiations.

Both sides have made a concerted effort in good faith to reach a basis for agreement. However, the Canadian Government has decided that it could agree to make new nuclear shipments only on an undertaking by India that Canadian supplies, whether of technology, nuclear equipment or materials, whether past or future, should not be used for the manufacture of any nuclear-explosive device. In the present case, this undertaking would require that all nuclear facilities, involving Canadian technology, in India be safeguarded. We should be prepared to reach agreement with India on this basis only. In view of earlier discussions, however, we have concluded that the Indian Government would not be prepared to accept safeguards on other than the RAPP reactors, which are already under international safeguards.

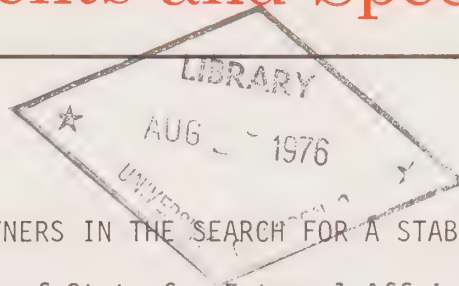
In making this statement regarding our nuclear co-operation with India, I should like also to refer briefly to the other aspects of our relationship. There is no question but that our nuclear differences are profound; nevertheless, nuclear affairs form only one part of what has been a broad and important relationship. The decisions reached by the Government concerning one aspect of our relations are not intended to preclude the pursuit of other elements of mutual interest in our overall links with India. The Canadian Government remains prepared to review these elements and to pursue our common objectives in both bilateral and multilateral fields because we believe that our ties with this important developing Commonwealth nation must not be allowed to lapse through any lack of will on our part.





# Statements and Speeches

No. 76/17



## CANADA AND GERMANY - PARTNERS IN THE SEARCH FOR A STABLE WORLD ORDER

A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at a Lunch in his Honour by Foreign Minister Hans-Dietrich Genscher of the Federal Republic of Germany, Bonn, May 24, 1976.

I am delighted to be in Germany and I am equally delighted by the warm welcome and kind hospitality that have been extended to my party and myself. My only regret is that my stay in Bonn must be such a short one.

I should also like to thank my colleague, Foreign Minister Genscher, for his kind words about Canada and assure him that I fully reciprocate his sentiments. It is easy for a Canadian to feel at home in Germany, and I think the reverse must also be true to judge by the hundreds of thousands of Germans who have come to Canada and, with their energy and traditions, have made such a significant contribution to the Canadian way of life. As the fourth-largest ethnic group in Canada, Germans have done much to broaden and enrich our society.

Because Germany and Canada have the good fortune of being linked by many strands of mutual interest, cultural affinity and ethnic association, it is natural and easy for us to engage in regular consultations at the senior levels of government, as was foreseen in the exchange of letters in 1973 between our respective governments....

Against this background I am particularly pleased at this moment to pay my first official visit, in my capacity as Foreign Minister, to the Federal Republic of Germany, because I am convinced that our two countries, as partners in some of the most important international enterprises of our times, will be co-operating more and more closely together.

First of all, we are NATO allies and partners in maintaining and developing a healthy transatlantic relation. As a North American country, Canada has closer ties with the United States than with any other country, but we are also very much alive to the interdependence of North American and European security and prosperity and to the importance of its transatlantic ties for Canada's own role in the world. It is for this fundamental reason that the Canadian Government has for some time been pursuing a policy of diver-

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sification of our international relations, not with a view to diminishing our relations with the United States but rather to complementing them with more substantial relations elsewhere. In particular, Canada has been making a concerted effort to broaden and deepen its relations with Europe. Moreover, we believe it is in the interest of Europe to have more than one active partner in North America.

It is not, of course, open to Canada to participate directly in the great historic enterprise of building a united Europe. We are, though, watching Europe's efforts with deep interest and sympathy. We wish you well and we are confident that Europe will demonstrate its ability to overcome its difficulties for the common good. It is in that conviction that we are pursuing our objective of establishing a "contractual link" with the European Community. The negotiation of a framework agreement is making good progress, and we are grateful for the consistent and helpful support we have received from the Federal Republic of Germany.

But Canada does not see its future relations with Europe exclusively in terms of the Canada/Community link. We intend to continue developing our bilateral relations with the member countries of the Community in a parallel and mutually-reinforcing way. In this context, Canada attaches a high priority to its relations with the Federal Republic of Germany. This relationship is marked by programs of co-operation developed under intergovernmental agreements in areas such as cultural relations, and science and technology. It is also reflected in significant and growing trade, investment and industrial co-operation, as well as increasingly close co-operation in the defence field.

The presence of Canadian land and air forces stationed in the Federal Republic of Germany, whom I shall be visiting tomorrow, and of German land forces training in Canada, contributes both to the common defence and to our bilateral understanding. Several months ago, the Canadian Government decided, after a thorough review of the Canadian defence program, to maintain the numerical strength of our forces in this country and to improve their operational capability. As you know, we are now in discussion with the Federal German authorities about the acquisition of a new main-battle tank for these forces.

Canada and the Federal Republic of Germany are partners not only in Western defence but also in the East/West dialogue, where we aim to draw the Soviet Union and the countries of Eastern Europe into a more civilized, open and constructive relation with the West. Indeed, we are both deeply convinced that defence and *détente* must go

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hand in hand - that either without the other, whatever the labels used to describe them, would sooner or later spell disaster.

We are aware that this conviction is of particular importance to the Federal Republic, with its special ties with Berlin, which has been aptly described as "the touchstone of *détente*". But none of us can afford to take either defence or *détente* for granted; they require constant attention, a clear and realistic definition of our objectives, and a steady and consistent effort to achieve them over the long haul. I am glad to note that this approach was endorsed by the recent NATO meeting in Oslo.

It is premature at this point to make a final judgment about the results of *détente*, which should be regarded as an evolutionary process. On the other hand, it is not too soon to be clear in our own minds about the objectives of *détente* and to insist on a more satisfactory and at the same time mutually-acceptable understanding of what those objectives are. We must also maintain sufficient strength and cohesion to achieve them. In this regard, I believe the positions of Canada and the Federal Republic are practically identical and this has facilitated our very close co-operation in the Conference on Security and Co-operation in Europe and Mutual and Balanced Force Reduction talks. Helsinki was not the end of the *détente* process. Its significance lies in the fact that all governments concerned made solemn declarations of intent and provided benchmarks against which to measure progress. This progress will now be measured by the practical implementation of the Final Act and the extent to which the Vienna talks actually bring a reduction in the still mounting level of forces.

The third common enterprise in which our two countries participate is the search for a more secure, stable and equitable world order. Canada and the Federal Republic of Germany are partners in the United Nations and expect soon to be fellow members of the Security Council, where we look forward to close and constructive collaboration on the many important and thorny issues coming before that body.

We are also partners in the North/South dialogue in such forums as the CIEC (Conference on International Economic Co-operation) and UNCTAD (United Nations Conference on Trade and Development). I trust that you agree that we cannot afford to let the Conference on International Economic Co-operation fail; that we must come to grips within a reasonable time with practical solutions that take into account the changing nature of the international economic community.

We are tackling common tasks in multilateral economic bodies, such

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as the IMF (International Monetary Fund), the GATT (General Agreement on Tariffs and Trade), the OECD (Organization for Economic Co-operation and Development) and the IEA (International Energy Agency). In the multilateral trade negotiations, we both seek significant reductions in the barriers to international trade. We also have common interests in co-operation in the IAEA (International Atomic Energy Agency) and elsewhere to ensure that the benefits of nuclear technology may be enjoyed widely while curbing the spread of nuclear weapons. In other fields, such as the United Nations Conference on the Law of the Sea, your interests and ours diverge, but we are prepared to discuss our differences frankly and negotiate practical solutions in a co-operative spirit.

It is clear that there is a tremendous potential for expanding our co-operation, both bilaterally and multilaterally. There is much more we could do together. We in Canada have been impressed with the increasingly influential role the Federal Republic has been playing in Europe, in NATO and in the world. We look forward to working even more closely with you in the pursuit of our common goals.





# Statements and Speeches

No. 76/18



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AUG - 1976

CANADA AND AUSTRIA - SHARERS OF MANY HUMANE COMMITMENTS.

Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at a Dinner Given by the Austrian Foreign Minister, Dr. Erich Bielka-Karltreu, Vienna, May 25, 1976.

In responding to the kind and friendly words of His Excellency, Dr. Bielka, I should like to express my gratitude for the warm welcome and gracious hospitality for which Vienna is so justly renowned, which I have received since my arrival. This is not my first visit to Vienna, but it is the first visit of a Canadian Secretary of State for External Affairs to Austria. My country and yours have much in common, more perhaps than may be readily apparent. Much of Canada's cultural and ethnic heritage finds its roots in Europe, and Austria has long been a well-spring of Western civilization. Our two countries share many fundamental attitudes. Both are deeply committed to Parliamentary democracy, equality before the law, social justice and human freedom. Our constitutions are federal, reflecting the diversity that is the essence of federalism, and both of our societies comprise mosaics reflecting the breadth and variety of our ethnic backgrounds.

In foreign affairs, our policies present striking parallels, and where they differ they tend often to be complementary rather than contradictory. I know, for example, that Austria is keenly interested in a vigorous transatlantic relation between North America and continental Europe as a whole, which you refer to as "the Atlantic Dialogue". For our part, we attach great importance to our transatlantic ties with Europe. The Canadian Government has for some time been pursuing a policy we call "the Third Option" -- a policy of diversification of our political relations. In the context of this policy, we place a very high priority on our relations with Europe.

Like Austria, Canada does not participate directly in the economic and political integration of the European Community, although we are now negotiating an agreement on economic co-operation with it. Like Austria, Canada does not see its future relations with Europe exclusively in terms of a link with the European Community. Rather, it is our intention to develop and deepen our bilateral relations with the countries of Western Europe, inside and outside the Community, and with Eastern as well as Western Europe -- a policy pursued with marked success by Austria.

Of course, my country is a member of NATO, while Austria is committed to permanent neutrality. But I was struck, in our discussions

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this afternoon, by the extent to which your active policy of neutrality is so positive and dynamic. The importance your Government attaches to the United Nations family of organizations and to multilateral diplomacy is shared by my Government. An important United Nations conference on human settlements is soon to begin in Canada in Vancouver. Austria has hosted many important United Nations conferences. Canada is the host country to ICAO (International Civil Aviation Organization). Austria's role, as host country to the IAEA (International Atomic Energy Agency) and the UNIDO (United Nations Industrial Development Organization) and important United Nations conferences, is symbolized by "United Nations City" on the banks of the Danube.

I am aware of the myriad occasions in the context of the United Nations and its Specialized Agencies when Canada and Austria find themselves making common cause in the search for a more secure, stable and just world order. This is applicable as much to the UNCTAD (United Nations Conference on Trade and Development) meetings in Nairobi as to the disarmament, non-proliferation, arms-control and outer-space conferences at which our two delegations have worked so closely together. I refer also to our collaboration in the CSCE (Conference on Security and Co-operation in Europe) negotiations in Helsinki and Geneva, which led to the Helsinki Declaration, a document regarded by many as laying down the basis for a political *détente* between East and West. We are indebted to Austria for hosting the negotiations directed towards Mutual and Balanced Force Reductions between East and West. While Austria's contributions to these wide and varied activities may be understandable in terms of securing Austria's status of permanent neutrality, they have benefits for the international community as a whole, going beyond even this important Austrian national objective.

Our two nations have both renounced a nuclear-weapons option by becoming parties to the Non-Proliferation Treaty. It is, I think, indicative that neither Canada's membership in a major collective security alliance nor Austria's status of permanent neutrality has prevented us from participating together in United Nations peace-keeping missions. Both of us benefit only in the sense that every member of the international community shares the interest of all in preventing breaches of the peace. No better example can be found of our common desire to contribute to a peaceful world. I cannot fail to mention, in this context, Dr. Kurt Waldheim, the distinguished Secretary-General of the United Nations. It is fitting for me to pay tribute to him in the capital that remembers him for the many contributions he had made in the conduct of Austria's foreign policy, not the least of which was his role as Ambassador to Canada.

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It is the most natural thing in the world that two such countries as ours should have found a great potential for ongoing co-operation and collaboration in such crucial multilateral undertakings of our time as the "North-South Dialogue" in all its forms, in the law-making, peacekeeping, arms-control and disarmament activities in the United Nations family of organizations and in a wide range of other significant organizations and conferences. Even with respect to international activities not directly related to governmental positions or foreign policy issues, it is interesting to note that Innsbruck has just hosted the 1976 Winter Olympics, while Montreal will soon be hosting the 1976 Summer Olympics. I have no doubt that in the purely bilateral field, as well as in the multilateral field, there exists a potential for a fuller and even more intensive co-operation than that already realized, and I look forward to the achievement of those objectives.







# Statements and Speeches

No. 76/19

Government  
Publications

## UNCTAD IV -- IMPORTANT STAGE ON ROAD TO NEW ECONOMIC ORDER

A Report to the House of Commons on June 10, 1976, by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen.

In reporting to the House on the results of the UN Conference on Trade and Development, I should like to say at the outset that its immediate results represent a major achievement in the dialogue between developed and developing countries on a new international economic order, and that the longer-term impact of Nairobi will be substantial. Obviously, UNCTAD IV -- like all conferences where countries are required to make compromises in order to ensure agreement -- did not achieve all that Canada or other developed and developing countries might have wished. But it was, without question, a most important step in the efforts to reduce disparities between developed and developing countries that were initiated at the seventh special session of the United Nations.

At that session, I stated that Canada was determined to play a positive role, to use our resources and our influence to help bring about constructive change in the international economic system and thereby to reduce the gap between rich and poor nations. Governments committed themselves at that time to work together to make changes in the international trade and payments system in order to enable it to contribute to more rapid economic development in the developing countries and to permit them to obtain a larger and sustained share in world trade.

UNCTAD IV was the first major UN conference following the seventh special session, and in its disagreements as well as in its accords it reflected these new dimensions. There were efforts to address these questions at a practical level; there were some important new commitments; there was agreement to create a program, timetable and framework for the central issues in which the many essential decisions can be taken.

In my statement to the conference on May 7, I touched on the four areas Canada considered would be the main issues to be dealt with: the problems of stabilization of commodity trade, the alleviation of the debt-servicing difficulties of many developing countries, liberalization of trade to benefit developing countries, and the transfer of technology to developing countries. Of these, the commodities issue proved to be the central focus of the conference. Indeed, the adoption, by consensus, of a resolution that established

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an integrated program proposes a list of 18 commodities of particular interest to the developing countries for consideration, describes the international measures to be taken in the context of the program, and establishes procedures and a timetable for pursuing it.

On the important question of a common fund, the resolution provides for a negotiating conference to be held next year and for a series of preparatory meetings. As a major importer and exporter of commodities, we shall be actively involved in these international discussions and shall work with the other participants to resolve the problems of commodity trade which concern developing countries. These discussions and negotiations will provide the appropriate basis for examining the "parameters" of a common fund and for a decision regarding its establishment. As I stated in the House earlier this week, and as stated before that by the President of the Privy Council, if we are satisfied in the course of these commodity meetings and negotiations that the common fund will be effective and useful, Canada will make a contribution to it.

The conference also took an important decision on the subject of the financial problems of developing countries by adopting, again by consensus, a resolution on the debt problems of developing countries. The resolution calls for appropriate international bodies to identify features relating to debt-servicing problems that could provide guidance in the future for dealing with them. In addition, a ministerial session of the UNCTAD Board will be held in 1977 to review this work and a group of experts will be established to assist in this review.

We had hoped that some further steps would be taken on the broader subject of financial transfers, which is of fundamental importance to many developing countries, but this was not possible. We had hoped, for example, that the conference would agree to improve the international standard for official development assistance so that developing countries would receive such assistance on softer terms than they do now. Although this was not agreed on, we shall continue to pursue this objective.

Apart from these two issues of particular importance, the conference also adopted resolutions on trade liberalization, the transfer of technology and a number of other subjects. One remarkable, and encouraging, aspect of the conference was the fact that 12 of the 13 resolutions approved were adopted by consensus. No previous UNCTAD conference has reached such a broad measure of agreement.

Canada supported all of these resolutions, offering explanatory statements on a number of them. We also, together with other

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industrialized countries, supported a proposal for further study of the concept put forward by the United States. Dr. Kissinger had proposed to the conference that early consideration be given to the establishment of an international resources bank to facilitate resource development in the poorer countries. While we have not reached any final conclusion on this idea, we believe that it fully merited further consideration and we regret that it was narrowly defeated by two votes. The great majority of developing countries abstained on the resolution.

Despite the difficulties that arose at the conference and the problems that still need to be resolved, I believe that the outcome augurs well for the continuing dialogue between the developed and developing countries. Most especially, the positive results of the conference, particularly in the commodity area, should provide a useful and constructive basis for pursuing the work of the Conference on International Economic Co-operation in Paris.

At UNCTAD IV, Dr. Perez Guerrero stated, on behalf of the developing members of CIEC, the Paris conference, that failure in Nairobi could bring into question the continuation of that dialogue. The 19 developing countries that are members of CIEC have now assessed the situation. In the light of the progress made on a number of important questions at Nairobi, they have indeed judged it useful to continue the dialogue in Paris.

I fully share the view that there is a satisfactory prospect for balanced progress in CIEC during the remainder of the year. In July, the CIEC will be reviewing the progress it has made and setting its course for the second half of the year. I am confident that the results of UNCTAD IV will help the conference in Paris to pursue its essential objective -- the strengthening of international co-operation for the benefit of all.

So far as Canada is concerned, we shall pursue the work outstanding from UNCTAD IV in UNCTAD, CIEC and other bodies. We shall pursue our interest in improving the international standard for official development assistance. Together with other countries, we shall consider further the balance-of-payments and debt problems of developing countries and the appropriate measures for meeting them. We shall continue to support the principle of joint producer-consumer financial responsibility, on a mandatory basis, for buffer-stock financing within commodity agreements containing such stocks. We shall be actively involved in consultations and negotiations on individual commodities and on the common fund. We shall devote efforts to see that the developing countries achieve additional benefits in the course of the multilateral trade negotiations in

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Geneva. We shall take an active part in the elaboration of a voluntary code of conduct for the transfer of technology that is universally applicable.

While the decisions taken by UNCTAD IV mark an important stage in our common efforts to reduce disparities between developed and developing countries, our progress towards that goal, to which the Government is fully committed, will not be easy and will require hard decisions. As we proceed along that course, there will be costs for Canada and for individual Canadians. Their support will be essential, but with it, and the support of this House, we may approach these decisions in a confident and positive manner.





# Statements and Speeches

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No. 76/20

## CANADA AND THE UNITED STATES: A DYNAMIC RELATIONSHIP

An Address by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Joint Meeting of the Royal Society of Canada and the American Academy of Arts and Sciences, Laval University, Quebec City, June 8, 1976.

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The academic community has traditionally emphasized the importance of reaching valid conclusions based on rigorous analyses, which are capable of withstanding thorough cross-examination. I am happy, therefore, to see that aspects of the Canadian and American experiences are being examined here in that tradition. I have always felt that an assumed familiarity with the realities of the Canada/United States situation, which comes all too easily in two countries as close as ours, carries with it the danger that deductions about Canadian-American affairs might be less-stringently tested than would otherwise be the case. This symposium strikes me as making a valuable contribution to a disciplined and constructive analysis of certain experiences that the United States and Canada passed through in their growth to nationhood. I expect that such an analysis will provide a useful insight into the relations between our two countries. In that spirit, then, I should this evening like to offer some observations on Canada/United States relations for your consideration.

Before doing that, however, I am reminded that it was 200 years ago yesterday that the Continental Congress, then convened in Philadelphia, passed a resolution calling for independence from England; Thomas Jefferson, we recall, was asked to draft a declaration that would articulate, and give justification for, the decision on independence. This marked the beginning of an adventure and an experiment in nationhood without rival in modern times. In separate Bicentennial celebrations across their nation, Americans are recalling and, more importantly, are reaffirming the founding principles and spiritual heritage that gave their nation its impetus and have helped sustain its strength. Canadians, who nine years ago celebrated their first centennial and reflected on its meaning, have joined with Americans in Bicentennial observances both large and small to pay tribute to their neighbour's accomplishments and to express their confidence in their neighbour's future. And I should like to add my own personal good wishes to our American friends who are with us this evening.

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The American Bicentennial reminds us how different have been our avenues of development. From its beginnings, Canada has had to adapt to or contend with the profound influence of the United States. Nevertheless, in ways both apparent and subtle, Canada remains in many respects a nation quite different from the United States, and will continue to evolve nationally along distinct lines. For Canadians, their distinct national identity remains a fundamental concern.

I have stated many times that a basic objective of Canadian foreign policy is to reduce our existing vulnerability while at the same time continuing to develop a dynamic, creative and mutually-beneficial relationship with our southern neighbour. Tonight I shall be focusing on this latter aspect of our policy.

A starting-point is to note that the relationship is not one of equals, and the fact that a lesser power and the world's strongest power can successfully share a continent is high tribute to the conception and the conduct of our bilateral relations.

Our relations can never survive inattention, however, and the generally sound state of Canada/United States relations is not the result of accident or of a preconditioned conformity of views. On the contrary, the successful interaction of two democratic and federal states, each with its own national interests and domestic constraints, is highly complex because of the open system that each country has for reconciling various domestic interests. The question of balancing the national *versus* the particular interest is always a challenge for federal governments. When I think of the enormous variety and multiplicity of what has been called the warp and woof of Canada/United States relations, I think also of the need for our two democratic governments to deal with the many domestic demands upon them and the effect this may have on the conduct of our bilateral relations. The general importance of our bilateral relations warrants the constructive and intense effort that is required to strike a reasonable balance between external and internal policy considerations.

The relative affluence of our two nations also carries with it certain responsibilities. In a world community where the contradiction between disparities of wealth and the growing interdependence among national economies persists, our respective policy initiatives and responses must take into account our international obligations in the global sense. Of course, both Canada and the United States have a natural desire to chart and control their own course. But we both must strike a balance between national consciousness and international responsibility, between self-reliance and the necessity of

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interdependence. In so doing (both as neighbours and as members of the international community), we shall have confronted fundamental issues affecting world security and prosperity. Our expanding involvement in the multilateral sphere has become an increasingly significant element of the general relationship.

Given the importance of our bilateral relationship, and the importance of our respective roles in seeking solutions to global problems, Canada/United States amity is not only a desirable condition -- it is an essential precondition for meeting the challenges of the future. We in Canada are certainly not about to underestimate the value of the genuine goodwill between our two peoples. And, I should have thought, our estimate of the value of this friendship is fully shared by our neighbour.

#### Some perspectives on the evolving relationship

Some observers, when looking at the aggregate of subjects under discussion between our two countries, conclude that the relationship is, to use their word, "deteriorating". The last time I suggested that such a pessimistic conclusion was invalid, one editor attributed that opinion to my innately affable nature rather than to any perspicacious judgment of the situation on my part. I should concede that, if enough people say to themselves, or accept as fact from others, that the relationship is deteriorating, then the description of the relationship will gain a life of its own and become part of the fabric of the relationship. But, as you will have gathered from what I have already said, I do not agree with pessimistic assessments of the relationship -- and I might add that I have discussed this very point with Secretary Kissinger, who shares my view.

There are, of course, some highly-visible contentious issues between our two countries with which we are all familiar. The problems are real, and no one in either government is underestimating them. But the current problems, taken separately or collectively, need not be disruptive to the foundations of the relationship. It is how we deal with them that counts. Two bordering, distinct and active nations, interacting on a wide range of complex issues, are unlikely to avoid problem areas. Indeed, problems have always been a part of Canada/United States relations. But together we have posted an excellent record for problem-solving, and our approach to dealing with the problems at hand is improving.

#### Relevance of change to the relationship

The quickened pace of change within both countries, as well as

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globally, is making relations between our two countries more active and complex. With increasing frequency, aspects of both bilateral and multilateral issues are engaging the national interest of each country as both adjust to new domestic and international imperatives.

With the growth in the variety and number of subjects at play at any given time in current Canadian/United States relations, it is not hard to see that the dynamics of the relationship are changing. But normal differences, when they arise, should not be reason to call into question the fundamental attitudes governing the relationship. The range of our differences has, in this century, always been limited, and indeed they have always been few in number when compared to the multiplicity of day-to-day, non-contentious dealings that make up the bulk of our relations and given them their character.

As Canada and the United States found themselves in new national and international circumstances in the 1970s, both governments saw matter-of-factly that a quantitative increase in our bilateral issues was predictable. The challenge for both governments therefore (and I have no doubt the challenge can be met) is to take realistic and responsible steps to safeguard our respective legitimate interests, and to accomplish this without discriminating against each other's interests.

One result of the changes affecting our relations is that, whereas, in the past, Canadians were particularly conscious of the impact which United States decisions could have on Canada, there is today a higher profile to Canadian actions and attitudes in the United States as important sectors of opinion grow more sensitized to the degree to which Canadian activities can, and do, affect United States interests. The result has been that the relationship has come under closer public scrutiny than in the past, by Americans now as well as by Canadians.

In this context, I think it is important to underline that our two countries, however they apply themselves, will not be able to reach some kind of bilateral millennium. There is a continuity to Canada/United States relations and, as I have tried to point out, the recent increase in our bilateral activity is more than a short-lived anomaly. Changes from within each country and from without, often not of our making, will continue to affect us both, sometimes creating new problems and at other times new opportunities.

#### Energy: an example of change

The area of energy is an example of how changed circumstances can create both problems and opportunities.

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In the Fifties and Sixties, as Canada's oil-and-gas industry developed, these resources were exported in increasing volumes to United States markets (to the extent permitted by American quotas), while significant imports of American coal supplied (and continue to supply) much of Ontario's industrial and energy needs. These were years of increasing prosperity in industrialized countries, accompanied by complacency about secure and seemingly inexhaustible supplies of low-cost oil and gas.

By 1972, however, easy confidence about the extent of Canadian energy resources had given way to increasing concern. The Arab oil embargo in the next year, with its large price hikes and shortages, accelerated a reassessment of Canada's energy-export trade and led to a regime that more systematically addresses two basic questions. The first is: Are the resources being exported truly surplus to reasonably foreseeable Canadian needs? Then, are they being sold at a fair price in relation to alternative fuels and in relation to the capital needs for ensuring adequate exploration and development to meet future energy requirements?

The decisions on export levels, particularly of crude oil, and the decisions on export prices flowing from these criteria, have created difficulties for Americans accustomed to importing Canadian energy. Nobody likes to pay more for such essential products, especially when availability at any price is also a potential problem. However, higher prices and concern about energy supplies have become a feature of the international energy market to which Canadians too are having to adjust.

Despite the Canadian Government's attempts to mitigate, through staging, the problems of adjustment, substantial price increases will continue as both our domestic and export oil and gas prices move towards the international levels now being paid for the nearly one million barrels of OPEC (Organization of Petroleum Exporting Countries) oil imported daily into Eastern Canada. As we must pay international prices for our substantial imports of oil, it is imperative that we obtain international prices for our exports -- in fact, we are now a net importer of oil. These are facts of energy life with which Canadians, and American users of Canadian resources, must live. Phased price increases and staged reductions in exports aside, in the short term the basic problem of increasing shortages and high cost of replacements face both our nations and our policies designed to meet the needs of our peoples are, in the circumstances, essentially the same.

Increasingly, Americans have understood the basis for Canada's decisions, and they have appreciated the Canadian Government's efforts,

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through bilateral co-operation and consultation, to avoid sharp impacts on American consumers. Although they may not unanimously accept Canada's efforts to ensure a just and reasonable return for its exports of non-renewable energy resources, Americans understand our rationale. Each government approaches the energy relationship pragmatically, ready to examine particular projects on a case-by-case basis and to work together where there is advantage for each side. As an example of this approach, I might mention the Transit Pipeline Agreement currently being considered, which would provide a regime of protection for present and future oil and gas pipelines crossing both countries.

In order to see the Canada/United States energy relationship in its proper perspective, however, one must look beyond bilateral questions. From the very outset of the awakening of the new international energy consciousness three years ago, Canada and the United States have worked closely and effectively together. In an initial period, this co-operation was characterized by intensive activity by the United States, Canada and our industrialized partners at the Washington Energy Conference, the Energy Co-ordinating Group and its successor the International Energy Program. Flowing from this industrialized co-ordination was a multilateral standby program, in which Canada and the United States both participate, to share oil should a future emergency supply shortage arise. The institutional framework established for industrialized co-operation was the International Energy Agency (IEA), of which, since its foundation, a Canadian has served as Vice-Chairman of the Governing Board. In the IEA, Canadian and American representatives have made important contributions to the establishment of a framework for international co-operative activities in energy research and development -- for example, in the nuclear and coal sectors.

We have also worked together in extending energy co-operation beyond industrialized countries to include the oil-producing and -developing countries. As you will be aware, for the past six months the Conference on International Economic Co-operation, or North-South Conference, has been meeting in Paris to discuss energy and other vital world economic questions. I have the honour to share the chairmanship of this Conference with a distinguished Venezuelan minister, and also receive valuable support in my responsibilities from the United States co-chairman of the Conference's Energy Commission, of which Canada is a member.

The point I am making is that, whatever our respective national positions may be on particular bilateral issues, there is a basic similarity of Canadian and American approaches and interests in longer-term energy matters, which finds effective expression in this close

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international co-operation.

#### Conduct of the relationship

How, then, do we deal with new issues in the context of change? It is obviously in both our interests to solve problems, and to prevent the more intractable problems from assuming unwieldy proportions. This means the constructive and perceptive management of the relationship.

The key element is the degree of consistent and rational discipline that both governments are able to exercise when translating the many competing domestic pressures upon them into policy decisions affecting the other country's interests. I should simply reaffirm the obvious -- that individual decisions taken by each government must be examined for their relevance to the general Canada/United States relationship if we are to devote the sensitive effort required to maintain a constructive relationship.

Another central element to the successful management of our relations is a disposition on both sides to consult with each other about potential issues whenever possible. Both sides have accepted this principle to the point where prior consultation and discussion are a day-to-day feature of our government-to-government relations. This provides opportunities for both sides to ensure that their concerns are given a fair hearing. This is important if there is to be a sensible accommodation of one another's interests, and if the number of surprises we spring on each other is to be kept to a minimum.

However, in a very limited number of cases, both governments will have to be prepared to live with some differences -- as we each live with our differences with other nations -- without calling into question the state of the general relationship.

Let me cite one example. The Third United Nations Law of the Sea Conference -- where Canadian and U.S. positions reflect areas both of differences and agreement -- is a dynamic example of the interplay of relations at both the multilateral and bilateral levels. Both governments attach the highest priority to the successful conclusion of the Law of the Sea Conference, the most important and complex exercise now taking place in the development of international law.

It is not surprising that two neighbouring coastal states such as the United States and Canada, both of which have a wide range of essential interests at stake in the conference, share the same



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basic positions on many questions: both want the session that will start in New York in August to score a breakthrough on the outstanding problems of the conference, so that a fair and workable treaty, responsive to current needs and realities, will be in place in the very near future; both countries support the coastal state's sovereign rights over fisheries resources off its coasts and the special responsibility for salmon of the state in whose rivers salmon originate; and both countries support the reaffirmation of the coastal state's sovereign rights over resources to the outer edge of its continental margin.

It is also not surprising that there are important law-of-the-sea issues on which the perspectives of our two countries have differed -- for example, on some aspects of the role the coastal state should play in protecting the marine environment off its coast, and on some of the specifics of the legal regime to govern the international seabed area that is the "common heritage of mankind". What is important to note, however, is that, where there have been or still are differences in approach, our two countries have consulted at various levels in order to bridge differences in flexible and practical ways.

Many of the general issues being considered at the Law of the Sea Conference could have practical implications for a number of bilateral issues between our two countries. There is a recognition, however, that specific maritime problems between our two countries should be resolved at the bilateral level. Both governments are co-operating to ensure that maritime issues do not escalate into serious bilateral irritants. As you are no doubt aware, on June 4 I announced that the Canadian 200-mile fishing-zone would come into effect no later than January 1, 1977. Canadian and U.S. officials are consulting to pave the way for continuing harmonious and mutually beneficial fisheries relations following the coming into effect of the proposed U.S. and Canadian 200-mile zones. On the question of deep-seabed mining, Canada is concerned about a United States proposal made during the last week of the recently-concluded conference on the law of the sea, which would have the effect of placing controls on land-based nickel production to protect seabed exploitation of this resource. Canadian officials will be discussing this matter shortly with their U.S. counterparts. I cannot, of course, guarantee that no serious bilateral problems will arise in the law-of-the-sea/fisheries field, but I can at least say that our two governments are making a concerted effort to resolve problems before they disrupt our relations.

#### Examining some future opportunities

I should like to conclude by looking to the future. The accelerating

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pace of change in the world has made it essential to have much greater communication and interaction between nations. Coping with the implications of change in the international community will challenge statesmen around the world in the coming years. Many economic, social and technological developments affecting us all will need to be examined in a much broader context than the purely national, or indeed the bilateral, and in a much more compressed "time-frame" than has been required in the past. The fundamental problems of population, food, inflation, energy and the interrelated political and social consequences associated with global economic disparities are international in their scope and complexity and soluble only through international co-operation. In the perspective of Canada/United States relations, this calls for breadth of vision in our respective policy-making.

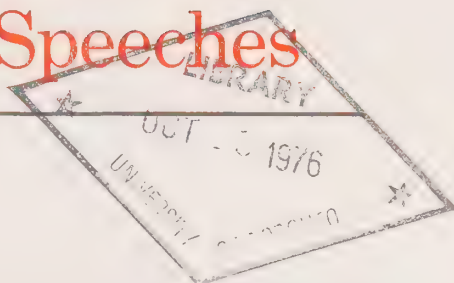
Canada and the United States are among those nations in a position to contribute to the process of finding answers to these world problems. We are both already very much involved in international organizations and conferences which have begun to seek workable solutions. In making a contribution, we sometimes work in concert, sometimes separately. The fact remains, as we both become increasingly involved in attempts to resolve multilateral problems, our general relations are given greater dimension. Multilateral problems will more and more come to demand the focused attention of both governments. Nonetheless, the strictly bilateral content of our relations will continue to be of fundamental importance. This evolution, or maturing if you will, of the Canada/U.S. relationship will thus require an appreciation of the fine balance between the bilateral and multilateral aspects of our relations. The successful management of this even more complex relationship will demand at once vigilance and imagination by Canadian and American statesmen alike. Vigilance -- in continuing to uphold our respective national interests; imagination -- in responding to the imperatives of global interdependence. I am confident that we shall measure up.





# Statements and Speeches

No. 76/21



## PIONEERING A NEW KIND OF INTERNATIONAL ECONOMIC CO-OPERATION

A Statement by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, on the Occasion of the Signing of the Framework Agreement for Commercial and Economic Co-operation between Canada and the European Communities, Ottawa, July 6, 1976.

Foreign policy, like all human affairs, is dictated partly by the logic and the pressure of events and partly by design. This much we must accept. The better the design, however, the more likely we are to be able to shape events, and to reach the goals that nations, no less than individuals, set for themselves.

Some years ago, Canada reviewed its goals in the light of the changing realities as we were about to enter the last quarter of the twentieth century. It was clear to us from this review that we could not simply allow nature to take its course, not even in the case of relations with the Western European nations, to which Canada is linked by many ties of tradition, culture and language.

The European Community had embarked upon a new course that promised to create a new and significant dimension of the international reality. While we did not discount, as the Europeans themselves did not discount, the nature of the obstacles that lay between promise and achievement, we had always had confidence that Western Europe would continue to move forward towards greater unity. This unique development in world affairs, with the perceptible and rapid changes in the Canadian situation, called for a new response on our part.

Clearly, a new design was needed in our foreign policy to take account of the changing circumstances and to steer events in the desired direction. As most of our European friends are aware, a basic tenet of Canadian foreign policy is to develop in harmony with the United States, but distinct from it, in the affirmation of an individual national personality and in keeping with our own national interests. Thus it was logical for Canada to seek to give a stronger and larger economic dimension to its relations with the European Community, which is the world's largest trading entity, with a highly-advanced industrial base and increasing import requirements.

The impulse of the new policy orientation would undoubtedly have led to an increased level of interchanges between Canada and Europe, but it was the view of the Canadian Government, and I believe it was

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a view shared by our European partners, that we could give this impulse additional momentum and that we could help shape events to our mutual advantage.

added emphasis on our economic and commercial relations with the European Communities that became one of the major patterns in our foreign-policy design, and it was given tangible expression by the dialogue that was begun in 1972 and has led to the conclusion of the Framework Agreement for Commercial and Economic Co-operation between Canada and the European Communities. It is relevant to underline that this agreement is unique among industrialized countries and that we are pioneering a new form of international economic co-operation.

Today is, therefore, an important milestone for us, and I feel privileged to have the honour to extend an official and warm welcome to the Foreign Minister of the Netherlands, His Excellency Max Van der Stoep, in his capacity as President of the Council of the European Communities, and Sir Christopher Soames, Vice-President of the Commission of the European Communities.

I know, Mr. Van der Stoep, that your assumption on July 1 of the post of the President of the Council, added to your domestic responsibilities, has made July an extremely busy month for you, and I am grateful indeed that you have made time in your heavy schedule to come to Ottawa for this occasion.

I should also like to take this opportunity to pay particular tribute to Sir Christopher Soames, who has made a major contribution to the efforts which have brought about this agreement. His support for the enterprise we had undertaken has been greatly appreciated by the Canadian Government. I should also like to pay tribute to the work of the respective chief negotiators of the agreement: Mr. Leslie Fielding for the Communities, and Mr. Michel Dupuy for Canada, whose negotiating skills are evident from a reading of the agreement. To my regret, Mr. Dupuy could not be here today. His presence was required in Paris for a meeting of the Conference on International Economic Co-operation. I am very pleased, however, that Mr. Fielding was able to join us.

Having successfully met the first challenge by reaching agreement on the framework, we must now infuse it with life. This will be an important function of the Joint Co-operation Committee, which has been created under the terms of the agreement.

We do not expect things to change overnight, but we do hope that the agreement will act as a catalyst to stimulate economic co-oper-

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ation that will on our part involve not only the private sector but also the provinces. It is fitting, therefore, that today the representatives of the member states and of the European Communities share the table with representatives of Canada's provincial governments and private business, who will all have to play their part if the agreement is to achieve its potential.

Thus today's ceremony, far from being the end of a process, marks the beginning of a new venture. We now have a design and framework; it is now up to both sides to translate promise into performance.





# Statements and Speeches

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No. 76/22

## NEW BALANCE SOUGHT IN CANADA-U.S. RELATIONS

Remarks by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at a Dinner Given in His Honour by the United States Secretary of State, the Honourable Henry A. Kissinger, Washington, D.C., August 17, 1976.

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The close dealings that characterize Canada/United States relations have become almost a byword. Perhaps this is in part because we have had much experience. There has always been a full agenda of common interests to be pursued and problems to be resolved. There always will be. I like to think that the numerous meetings Dr. Kissinger and I have made a point of holding in various parts of the world have played a part in setting the tone for the day-to-day dialogue that takes place between our officials. I regard it as most important that we preserve the habit of ready and continuing willingness to communicate openly.

This means that representatives from two neighbouring nations -- nations who know and trust each other well -- are able to speak candidly and realistically as friends. And, while it does not follow that sentiment and goodwill alone colour our perceptions of each other, neither are these irrelevant or unworthy factors.

At the same time -- in a world still struggling to rise above the confines, imperatives and abuses of national sovereignty -- we remain two nation states of unequal power, each with its own defined interests and objectives, most of which correspond but some of which conflict. It is also true that as a nation, trying firmly yet responsibly to chart the direction of its own national development, Canada has taken a number of policy initiatives that are not directed against, but affect most, its closest friends in the United States.

There is a balance to be struck here, between co-operation in mutual endeavour and the building of one's own national strengths from within. A new balance is not always easy to achieve, but responsible Canadians agree that its achievement is a realistic and worthy goal.

Of course, depending on one's perspective of change, I suspect that Canada's efforts to seek a new balance can be misconstrued. Perhaps this accounts for the conclusion of some observers that Canada-U.S. relations are somehow moving out of phase in certain areas, or that

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Canadian actions are chipping away at the traditional harmony between the two countries.

I don't think these assessments objectively describe Canada-U.S. relations. Rather, it seems to me they reflect different perceptions of how Canada/United States relations should evolve. As a result of these differences in perception, Americans and Canadians are holding their respective actions up to a different light.

However, as a people who this year are celebrating the Bicentennial of your revolutionary experience, and who are reaffirming the ideals with which you have shaped your own nation, I am confident that Americans, above all our friends, can respect and appreciate why Canadians are concerned to give due attention to their own evolving national priorities.

It does not seem warranted to take the position that our bilateral relations are somehow less successful because of Canada's efforts to achieve national goals that Americans take for granted. Moreover, and this really goes without saying, it is unrealistic to conclude that Canada would acquiesce in what it regarded as a decline in its relations with the United States.

The active assertion of national will in both nations requires that we acknowledge the legitimate aspirations and interests of the other, that we recognize the changes that are taking place in Canada and the United States, and that we take into account the fundamental desire of Canadians and Americans that their relations, at bedrock, be mutually beneficial.

Against this background, I think we are just beginning a long but orderly process that will involve a reasonable and constructive re-adjustment in our relations, in which each of us grows more aware of the other's proper concerns. We begin with the advantages of a long-standing friendship, and of a substantial degree of common interest. Canadians are the first to recognize the contribution to peace and world betterment that United States international leadership represents. And I think you will agree that there are many ways in which Canada does assist in shouldering the burden.

I look forward to our talks tomorrow as being a prime example of the kind of dialogue that marks our relations. And I am confident the frequent consultations that Dr. Kissinger and I have found so useful will have established a pattern for the future.





# Statements and Speeches

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No. 76/23

## CANADA AND AUSTRALIA EXPAND THEIR UNTROUBLED RELATIONS

Remarks by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to the Australian National Press Club, Canberra, on September 3, 1976.

...I have looked forward with a good deal of anticipation to my trip to Australia....

High-level visits in either direction are perhaps not as frequent as would be indicated by the closeness of our relations and by the many interests we have in common. I am particularly glad that we had the privilege of welcoming Prime Minister Fraser to Canada during the Olympics and that we could show him something of our country.

But, although the vast reaches of the Pacific tend to keep us apart physically, these distances are less important than the ties that bind us together.

English is spoken, albeit with a somewhat different accent, in both our countries. We value the same historical and cultural links that attach us to Europe and the Commonwealth. Our political systems are built upon the same model of parliamentary democracy that in the modern world seems to be the exception rather than the norm. Australians and Canadians take pride and care to preserve and continue the traditions that are dedicated to freedom and human dignity.

With large territories to develop, Australia and Canada have both evolved flexible federal structures to respond effectively to the needs and aspirations of our peoples, although my friends of the working press often seem to remain unconvinced. As full-fledged industrialized and consumer nations, we both have to meet the challenges of a modern, advanced, and complex society. Our two countries are rich in natural resources that account for a large part of our wealth. Yet we both remain dependent upon foreign capital and technology to exploit these rich resources. The increased pressures put on our governments to deal skilfully with this dependence are familiar to both of us.

It has for some time been my view that our common interest in the Pacific has not played a large enough role in our bilateral relations. This is an important reason for my visit here, during which I hope to gain some valuable insights from my hosts on the general

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political and economic situation in the Pacific as seen from the Australian perspective.

As you may be aware, following an extensive foreign-policy review concluded by my Department in 1970, Canada has embarked on an active program of diversifying its external relations. The countries of the Pacific rank high on the list of countries with which we wish to intensify our relations. Thus, my current tour of Indonesia, Malaysia, New Zealand and now Australia is intended to carry forward the momentum that has been created in the past few years -- a momentum evident from the increasing number of Canadians that come to this region on private or official business --, and by our expanding trade with this part of the world.

I think our interest in this is clear. Canada has for many years been directly involved in the peace and security of the Pacific region. Our role in the Korean War and our long years of participation in the Indochina peace and supervisory commissions have testified to our interest, as well as to our willingness to play a role appropriate to our circumstances.

This attitude has not changed. We continue to follow events closely, and we are concerned by the tensions that persist after the conclusion of the war in Vietnam. Accordingly, I raised the topic of regional security in my discussion with government leaders in Jakarta, Kuala Lumpur and Wellington. On the basis of these talks, I have been confirmed in my belief that there are opportunities to foster trends that may lead to greater stability, despite the uncertainties that exist.

Canada shares with Australia the view that regional co-operation can be an important source of stability and of economic development. During my stay in Indonesia and Malaysia, I reconfirmed to my hosts that Canada strongly supported the principles and goals of the Association of Southeast Asian Nations. I expressed the view that ASEAN's willingness to accept as members other countries in the region that subscribed to its principles was a welcome indication of its flexibility, even though I recognized that there were no immediate candidates for membership.

To express our support for ASEAN in concrete terms, I announced in Jakarta that Canada was contemplating development assistance for regional projects identified by the five member countries. I also indicated to my hosts in Jakarta and Kuala Lumpur Canada's willingness to formalize the dialogue between ASEAN and Canada.

In addition to our support to ASEAN, Canada has also offered bila-

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teral development assistance. Indeed, our development-assistance program in Indonesia is one of the largest we have in the world.

These, then, are some of the steps Canada has taken to give effect to our desire to play a more active role in the affairs of the Pacific area. Furthermore, we are currently examining the development of more imaginative instruments of economic co-operation with the developing countries of the region. I consider that such instruments should be designed to strengthen ASEAN as a whole, as well as the individual member states.

Canada has followed with interest the initiatives Australia has taken in this regard. For some years, of course, our officials have kept in touch with each other to ensure that our economic assistance projects complemented each other, and served our shared objective: to contribute to growing prosperity in the region, which, in my view, is an essential element of political stability.

As a Western nation, situated in the Pacific, Australia enjoys a unique vantage-point from which to view, and to take part in, developments in the region. I have, therefore, found my talks with the Prime Minister and Foreign Minister Peacock and his colleagues very timely, and highly informative. I have found it useful to compare notes with my hosts on the various ways in which we can foster the idea of regional co-operation, as well as on the various possibilities that are open to us to expand our bilateral relations with Asian and Pacific countries in general.

Canadians have been impressed by the way in which Australia is moving to establish firm links with their prominent neighbours. The recent visit to China and Japan by Prime Minister Fraser, only a short time after forming his Government, clearly demonstrated the importance Australia attached to its relations with these two key countries. The successful conclusion of the basic Treaty of Friendship and Co-operation between Australia and Japan, which Prime Minister Fraser signed in Tokyo, is, in my view, a significant development, indicative of a new pattern of relations that is emerging throughout the Pacific region.

I have also noted with interest the recent visit of Prime Minister Fraser to the United States, as it is important to Canada that the co-operative relation between two of our closest friends continue undiminished. Moreover, Canada holds the view that enhanced security and growing stability in the Pacific can be ensured only if the United States continues to play a vigorous role and takes an active part in shaping events. The key position of Japan should also be mentioned. By virtue of its great economic strength, it can play a

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crucial part in fostering the growing prosperity I described a moment ago as an essential element of peace and stability.

I think you will agree that, if we add up the elements of the complex situation in the Pacific area, we do not get a well-defined picture. The long-range intentions of some of the players are not clear, and unfavourable developments in the world economic situation could make attempts to encourage economic development more difficult. However, there is some ground for hope that all of the parties concerned have an interest in maintaining the current equilibrium.

Clearly, in a climate of cautious hope along with an enduring measure of uncertainty, it is to our mutual advantage to keep in close touch on questions affecting events in the Asian and Pacific region. I consider that my current round of talks with Foreign Minister Peacock and his cabinet colleagues serves the useful purpose of expanding this element of our bilateral relations. As I see it, there is room for greater co-operation in the development of our respective policies towards the Asian and Pacific region and we might well find it beneficial to use our existing links more intensively to do so.

Such co-operation can also stand us in good stead in multilateral forums, and, indeed, I think we have an excellent record of consultation and co-operation. Perhaps two examples will serve to illustrate this point.

At the Law of the Sea Conference, we are now wrestling with issues that are among the most difficult and the most controversial that the international community has ever faced. As major coastal states with vast continental shelves, Australia and Canada have many interests in common, and we share a similar outlook on many of them. Our two delegations have co-operated closely to work for acceptance of new concepts, such as the economic zone, the rights of coastal states with respect to the continental shelf, and the regime that should govern the deep sea bed. Such co-operation has been greatly facilitated by the easy and informal channels of communication that, happily, are so much a part of the fabric of our relations.

We can, and do, draw on this same mutual understanding in connection with another set of crucial negotiations in which our two countries are involved. I am referring, of course, to the Conference on International Economic Co-operation. As you may know, Australia and Canada are represented on different committees, and we work together closely on the many questions that are of fundamental interest to us. In view of the important decisions that face us in the CIEC, and my own efforts together with my fellow co-chairman, Dr. Perez Guerrero, to

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move the dialogue forward, I have found my talks on this subject with Mr. Peacock particularly useful.

I am sure you will agree that Australia and Canada have taken good advantage of their healthy and trouble-free relations. But I think it is important to avoid being complacent. The world is ever increasing in complexity, and even old and trusted partners should be alert to new opportunities that may add to their traditional links.

In the field of trade, for example, we have always been quick to take advantage of one another's markets for an ever-increasing range of goods, from industrial raw materials, on the one hand, to highly-sophisticated manufactures, on the other. We have both taken care that the formal framework for this exchange keeps pace with changing conditions so that no opportunities should be lost for even closer commercial relations. The result, I believe, has been a continued and useful awareness of each other's skills and abilities.

But there is a need for more. I am thinking, for instance, of an increase in the exchange of information on our respective domestic scenes. We have gone through a period when some of our most cherished assumptions concerning economic progress and the need to move to even higher standards of living have been severely tested. Goals and objectives are changing. In response, both our governments are giving a great deal of thought to the direction in which our societies should be moving. Although your responses and ours may differ, I think we can learn and perhaps derive inspiration from each other.

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# Statements and Speeches

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No. 76/24

## CANADA PLEDGES CONTINUED SUPPORT FOR THE WORLD ORGANIZATION

A Statement by the Secretary of State for External Affairs, the Honourable Don Jamieson, at the Thirty-first Session of the United Nations General Assembly, New York, September 29, 1976.

Mr. President, in addressing this Assembly for the first time, I am conscious that you have given long and distinguished service to the United Nations. My delegation is confident that your knowledge and wisdom will contribute to the success of our deliberations and pledges its full co-operation to you in carrying out your duties.

May I also welcome the newest member of the United Nations -- the Seychelles. Canada looks forward to establishing friendly relations with the people and Government of this new Commonwealth country.

I take this opportunity to express to the delegation of China the condolences of the Government and people of Canada on the death of Chairman Mao Tse-tung. The world has lost a great man.

This is a time of difficult adjustment for the United Nations. Our membership, with some notable exceptions, is virtually complete, yet there are pressures to define more strictly the obligations of membership. Efforts to adapt the procedures and structure of the UN to accommodate new policy priorities introduce new tensions in some traditional bodies and activities. Agreement on standards and principles of human rights is not matched by an equal determination to implement these standards without discrimination. The Security Council meets more frequently than before, but there is no comparable increase in the number of agreed resolutions. Acts of piracy and terror, both within and between states, undermine the principles of international law and behaviour on which the UN Charter is based. The ideal of greater economic and social equality between nations is still far from translation into practice. And, finally, the choice between anarchy or order on the oceans stands out before us in unmistakable clarity.

### Universality

Canada supports the objective of universality of membership. The Charter, it is true, speaks of certain conditions for membership, but my Government takes the view that all states which apply for membership ought to be given the benefit of the doubt if such exists. Any question about the degree of independence of such states should

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be resolved on the basis of the opinion and practice of the majority of member states.

but Canada also believes that a member once admitted to membership should remain a member. We hold that it would be a dangerous precedent to recommend expulsion of a member state on the grounds of violation of the principles of the Charter, unless this is the consensus of the whole membership. To purge this organization of unpopular members could lead to the withdrawal of support by others and the paralysis of our activities. That is too high a price for us to pay.

We also hear threats from time to time to suspend the right of Israel to participate in the General Assembly. Canada would oppose such action. To deprive members of their rights in the General Assembly on grounds not justified by the Charter makes a mockery of the Assembly. Our purpose is to debate the issues, not to stifle them.

#### Institutional change

One implication of universality of membership must be a willing acceptance of the obligations of membership, especially by those states which play a major role in the organization. A responsible measure of participation in UN activities, especially those voluntary programs that relieve suffering or help to maintain the peace, is a sign of such willingness. As a matter of principle, Canada will maintain its full and complete support for all UN organs of which it is a member. We should regret any trend towards the boycotting of UN institutions, or the unilateral reduction of assessed contributions to UN agencies, even though certain of their activities may be regarded by some states as harmful or irregular.

Nevertheless, we believe it is unwise to press resolutions to a vote on issues that deeply divide the membership. Canada regrets, for example, that the campaign against racial discrimination, on which there is wide consensus, should be associated with Zionism, about which there is profound disagreement. If this link is maintained, my Government will not participate in the conference to be held in 1978 on racial discrimination.

The structure of our organization and the priorities it follows from time to time must reflect change in the world situation and in the membership. The shift over the years towards economic and social priorities is, therefore, desirable and understandable. We hope that some restructuring of the economic and social sector of the UN will take place as a result. We see merit in proposals to

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give a more central role to the Economic and Social Council and for arrangements in the Secretariat designed to support this role. It is not too soon to envisage the Economic and Social Council in permanent session, taking up groups of issues in some orderly fashion and giving close attention to the implementation of decisions taken at UN special conferences. The recommendations of the *Habitat* conference, for example, of which Canada had the honour to act as host, require thorough and expert scrutiny.

We recognize as well that many members believe the Charter reflects better the world of 1945 than the world of today. We agree that useful changes might be made. But here, as in other matters, the best may be the enemy of the good. Canada takes the view that the present balance of power between the General Assembly and the Security Council, which is the central issue of the Charter reform, is preferable to any alternative. The question of the Council's membership may be debatable, but its powers and structure still serve us well. So, too, does the principle of equal rights in the General Assembly. If the UN is to evolve gradually into a body capable of making decisions that affect the vital interests of all states, it must follow procedures which give confidence to its members that these interests are secure.

#### Human rights

The coming into force this year of the covenants on economic, social and cultural rights and on civil and political rights is a major step forward for the UN. As a member of the Commission on Human Rights, Canada will now direct its efforts principally towards the protection of the rights defined in the covenants and in the Declaration [on Human Rights]. One obvious means is to make effective the investigative and appeal mechanisms that are now established. These mechanisms require that states be willing to accept impartial examination of any alleged failures to abide by their commitments. A Court of Human Rights, as proposed by my German colleague, is a step we should consider. None of us have perfect records. To fall short of the aspirations inscribed in the covenants and the Declaration on Human Rights is not a matter for partisan polemics but for sober assessment.

The obstacles ahead are formidable. Appeals against violations of human rights can be a threat to the legitimacy of some governments and an embarrassment to others. No state is immune to criticism in this regard, although some manage to deflect attention, while others become the centre of attraction. Canada will speak out to the best of its knowledge without regard for power or favour. We attach particular importance to the full implementation of the terms of the

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Declaration on Torture that the General Assembly adopted in 1975.

### Peace and security

Our experience with peacekeeping has been different from our experience with human rights. The concepts and principles of UN peacekeeping have been the subject of strong disagreement, whereas the practice has been modestly successful.

Threats to peace and security vary from year to year, but we are rarely able to claim that none exist. This year we have been shocked by the continuing loss of life in Lebanon. The United Nations has not been able to contribute to peacemaking efforts there, but should remain ready to respond if the situation so requires.

A few weeks ago southern Africa was on the verge of disaster. It may still be so. But I am sure we are all encouraged by the developments of recent days. I pay tribute to the patient diplomacy of the Secretary of State of the United States and welcome the apparent change of mind in Pretoria and Salisbury that his efforts may have achieved. My Government agrees that the early independence of both Namibia and Rhodesia on the basis of majority rule and racial harmony is essential to the peace of Africa. It believes as well that South Africa must meet the legitimate political, social and economic demands of the majority of South Africans, supported by the virtually unanimous opinion of this Assembly, if such peace is to endure.

In the Middle East the UN has no choice but to continue the peacekeeping duties authorized by the Security Council. We were encouraged at this time last year by the interim agreement reached between Egypt and Israel on the withdrawal of their forces from Sinai. We look forward to further negotiations that could lead eventually to a peace settlement on the basis of the principles agreed by the Security Council in its Resolution 242, and that would take into account the legitimate concerns and interests of the Palestinian people. Whether negotiations are resumed bilaterally with the help of third-party mediation or whether they take place multilaterally in the presence of all the parties directly affected is less important than a joint determination by the states concerned to accept the necessity of establishing and maintaining peaceful relations between them. Pending the achievement of this objective, Canada will continue to contribute to UN peacekeeping operations and will oppose actions or initiatives that imperil the security and independence of states in the area, or make it more difficult for the UN to help in achieving a settlement.

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In Cyprus, the United Nations Force still faces a difficult situation. The parties to the dispute are no closer to agreement now than before. The situation on the ground remains tense and dangerous. It is generally agreed that the UN Force plays a vital role but the costs of the Force are running \$40 million over the contributions collected. We believe strongly that all member states -- in particular the permanent members -- should make appropriate contributions to duly-authorized UN peacekeeping operations. The fact that only a dozen or so governments have made payments to the UN Special Account for the first six months of this year is not a record of which we can be proud. I can only conclude...that, unless the dispute moves towards settlement soon, my Government will have to review its position as a troop contributor in Cyprus.

We are concerned, as well, about continuing acts of terrorism throughout the world and about innocent people who have been threatened or killed.

The General Assembly established a committee four years ago to study both terrorism itself and its underlying causes. The committee came to no conclusions, and the Assembly has not even studied its report. We believe the Assembly should now concentrate on a single aspect of the problem in an effort to achieve concrete results.

I therefore support the proposal of my colleague from the Federal Republic of Germany that priority should be given to action against taking hostages, and that international agreement be reached to ensure the punishment of those who engage in such acts wherever they seek refuge. But we must not forget that conventions against aerial hijacking already exist. If all states were to ratify them, we could be more confident that such hijackings would stop.

My predecessor spoke last year of the "totally unsatisfactory rate of progress in achieving disarmament measures" and said that the General Assembly must continue "as a spur to action in the field of disarmament". A year later, the record is little better. In the words of our distinguished Secretary-General, "the problem of armaments continues to present the most serious threat to a peaceful and orderly future for the world community". We should be ready to explore new avenues, and in this spirit my Government is prepared to consider sympathetically a proposal to convene a special session of the General Assembly on disarmament in 1978.

We must not delude ourselves, however, that the principal obstacles to progress on disarmament will be removed by discussion in this Assembly. These obstacles are the differences of view among states

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as to the best ways of ensuring their security. Our examination of ways of improving the role of the United Nations in the field of arms control and disarmament will have achieved little unless member countries redouble their efforts to overcome these differences.

At this mid-point in the "Disarmament Decade", the responsibility to address the real obstacles to progress is shared by all members of this organization. But this responsibility falls most heavily on the nuclear-weapon states and other states of military significance. Progress will be meagre unless we re-examine traditional assumptions, take adequate account of the security concerns of others, and seize all opportunities for concrete action.

#### Economic and social development

All of us acknowledge that the money spent on weapons might be put to better use. Few of us reduce our defence budgets. To do so requires better understanding and mutual confidence. Such understanding and mutual confidence are difficult to achieve in the best of cases and not least in a world divided between wealth and poverty. That is why a common effort to accelerate the process of development and to reduce disparities is in the interest of all states.

UNCTAD IV has now taken place. The Conference on International Economic Co-operation, of which my predecessor, Mr. MacEachen, has the honour to be Co-Chairman along with Dr. Perez-Guerrero of Venezuela, has been meeting since the conclusion of last year's General Assembly. It has not been an easy year. The results of UNCTAD IV were achieved with difficulty, and the Paris conference is not assured of success.

Let our difficulties should not obscure the fact that we have made significant progress towards agreement on the nature of our agenda and priorities, despite the apparent lack of concrete achievement. If our preparation is thorough, and our approach to it sincere, achievement will be more likely to follow, provided that the requisite political will exists on all sides. It is now my earnest hope that the present phase of the Paris conference will bear fruit.

The work of the Paris conference is proceeding in parallel with work in the larger international bodies associated with the UN system. Its participants are aware they must retain a global perspective on the problems before them if non-participants in the conference are to have confidence in its results, and if these are to influence the actions of governments in the longer term.

The conference is part of a continuing process of negotiation aimed at narrowing the gap between rich and poor. The process is complex

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and it is permanent. Old problems will not disappear quickly and new problems will emerge. In the pursuit of a more equitable international economic system, Canada is prepared to commit its efforts and its resources.

#### Law of the sea

The fifth session of the Law of the Sea Conference ended here in New York a few weeks ago without agreement except to meet again for a further session in the spring of next year. Significant progress has been made on many issues, but the conference remains deeply divided on other issues, to a point where a strong sense of impatience -- and even despair -- has set in about the seemingly endless nature of these negotiations.

Canada is strongly committed to the objective of the conference -- a new legal order for the oceans based on equity and sound management principles. As a major coastal state, Canada is acutely conscious of the inadequacy of the old order, based largely on the conception of freedom of the seas, which developed 300 years ago but has become, with the force of modern technology, licence to foul the shores and ravage the fisheries of the oceans. As a Canadian from an Atlantic province -- Newfoundland -- that is heavily dependent upon the resources of the sea, I wish to leave this Assembly in no doubt about the strength of Canadian concerns on this matter.

Gravely-depleted fisheries resources off our coasts led to a decision by Canada to extend our fisheries jurisdiction out to 200 miles as of January 1, 1977. This action is being taken within the framework of a system of sound conservation and rational management that we have negotiated on a bilateral and regional level with major fishing states operating off the Canadian coast. This action is also consistent with a growing consensus among nations reflected in the provisions of the Single Negotiating Text that emerged from the Law of the Sea Conference last year and has been confirmed in this year's revised text. Other states, including our immediate neighbours, have taken or announced similar action.

There are positive features and areas of progress in the work of the conference that, I must add, Mr. Chairman, are in significant measure due to your own skilful and tireless efforts as president of the conference. Although unduly protracted because of differences on a narrowing list of unresolved, hard-core issues, the conference process has seen the emergence of a growing international consensus on a variety of important matters, in addition to the fisheries provisions I have just mentioned. The concept of a 200-mile exclusive economic zone with important coastal state-powers has achieved

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broad acceptance. There is general recognition of the need for special controls against marine pollution in ice-covered areas such as the Canadian Arctic. The rights of states with respect to the mineral resources of their continental shelves extending out to the continental margin are widely accepted in the conference, although differences remain on the definition of the margin and on proposals for revenue-sharing in areas beyond 200 miles.

A major remaining obstacle to further progress has been the deadlock on the question of mining the rich resources of the deep seabed beyond the limits of national jurisdiction. On this and other unfinished business we must find internationally-agreed solutions to avert a serious risk of conflict, and for the benefit of all mankind. The process may be long and many are weary, but we must not flag in the effort to achieve agreement on an overall regime for the oceans at the moment when, finally, success might be within our grasp.

Mr. President, I have spoken about our hopes and disappointments as members of the United Nations. I conclude with the pledge that Canada will continue to be a loyal and, I trust, constructive member. The United Nations suits Canada. We are a country of many peoples and cultures. We understand the meaning of compromise and consensus. We prize the opportunity to cultivate relations with near and distant friends. We remain committed to the purposes and principles of the Charter.











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